

# ANNUAL REPORT 2023



BRINGING OUT THE BEST IN YOU



**bringing out the best in you**  
skin health. beauty. wellness



## **vision**

- a leading beauty and wellness company in ASEAN and HK

## **mission**

- product and service innovation
- people oriented
- performance driven and profit sustainability

## **core values**

- passion
- entrepreneurship
- result focused
- fulfillment for our people
- excellence in all we do
- collaborative genius
- trust

# NEW DYNAMIC SKIN RETINOL SERUM

easily reduces the  
4 signs of skin ageing  
within **2 weeks\***



Within 2 weeks, see improved:

## wrinkles

reduced appearance of wrinkles

## texture

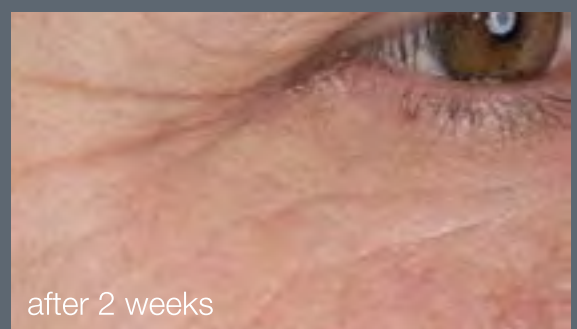
smoother skin

## pore size

minimised appearance of pores

## tone

more even skin tone



\* Clinical results with 30 volunteers on reduction in appearance of wrinkles, pores, dark spots, and uneven texture in 2 week test.

  [dermalogica\\_my](https://www.instagram.com/dermalogica_my)

 [Dermalogica Malaysia](https://www.facebook.com/DermalogicaMalaysia)

**dermalogica**

For business enquiries, please call our customer service hotline at **03-7809 6622**.

 **EIG**

# detoxify your skin

## Volcanic Cool Treatment



Reduces  
redness



Soothes &  
Calms



Detoxifies &  
Hydrates



annual report  
**2023**

# CONTENTS

|                 |       |  |
|-----------------|-------|--|
| <b>10</b>       | ..... | Group Directory  |
| <b>12</b>       | ..... | Corporate Structure  |
| <b>14</b>       | ..... | Corporate Information                                      |
| <b>15</b>       | ..... | Group Financial Highlights and Five Year Financial Summary |
| <b>16</b>       | ..... | Chairman's Report and Management Discussion & Analysis     |
| <b>20</b>       | ..... | Directors' Profile   |
| <b>26</b>       | ..... | Corporate Governance Overview Statement                    |
| <b>34</b>       | ..... | Statement on Risk Management and Internal Control          |
| <b>38</b>       | ..... | Sustainability Statement                                   |
| <b>45</b>       | ..... | Report of the Audit and Risk Committee                     |
| <b>50</b>       | ..... | Statement of Directors' Responsibilities                   |
| <b>52</b>       | ..... | Financial Statements                                       |
| <b>144</b>      | ..... | Analysis of Shareholdings                                  |
| <b>146</b>      | ..... | List of Properties   |
| <b>148</b>      | ..... | Notice of Annual General Meeting                           |
| <b>ENCLOSED</b> |       | Proxy Form   |

# revive your youth

## PhotoAgeing Reversal Therapy



**Combats**  
hyperpigmentation



**Balances & lighten**  
skin tone



**Improves**  
skin texture



# ASTER SPRING

— 1



- 1 Dermalogica Consultation Pod, One Utama Shopping Centre
- 2 Our upgraded AsterSpring at Plaza Singapura, Singapore
- 3 Dermalogica Consultation Pod, Sogo Causeway Bay, Hong Kong

- 4 AsterSpring workshop with consumers in Malaysia
- 5 AsterSpring workshop with consumers in Singapore

— 2



— 3



— 4



— 5





# clinelle®

## YOUR ESSENTIAL SKINCARE JOURNEY

for a fresh & flawless skin

**New Look**  
Infused with  
**20 Botanical  
Extracts**



HA Plus  
Optimizer



Vegan  
Friendly

### clinelle®

#### Skin Smoothing Scrub

with Natural Beads  
Exfoliate, soften & refine



For all skin types

HA Plus Optimizer\*

Dermatologically Tested  
Formulated &  
Manufactured in FRANCE

2.5 fl oz/75ml e

**2 in 1**  
(Scrub + Mask)

### clinelle®

#### Moisture Glow

Hydrate, firm & protect



For all skin types

HA Plus Optimizer\*

Dermatologically Tested  
Formulated &  
Manufactured in FRANCE

1.7 fl oz/50ml e



MADE IN FRANCE

### 7 Nos

- No Artificial Fragrance
- No Artificial Colouring
- No Comedogenic Ingredients
- No Mineral Oil
- No SD-alcohol
- No Lanolin
- No Paraben

- 1 Our Clinelle Brand Ambassador, Ms Shima Annuar at our Clinelle CaviarGold launch event
- 2 Launch event with media and KOLs for our revamped Clinelle CaviarGold range
- 3 Nurish Organiq Teen Charcoal series launch
- 4 Engaging consumers through influencers and KOLs
- 5 Clinelle CaviarGold roadshow in Indonesia



# NEW PHYTO NATURE OXYGEN CREAM

breathe  
**new life** into  
ageing skin



**clinically proven to give 4 years back\***  
skin looks firmer + more lifted after 1 week



before



after 1 application

\*By reducing the appearance of premature wrinkles.

  [dermalogica\\_my](#)

 [Dermalogica Malaysia](#)

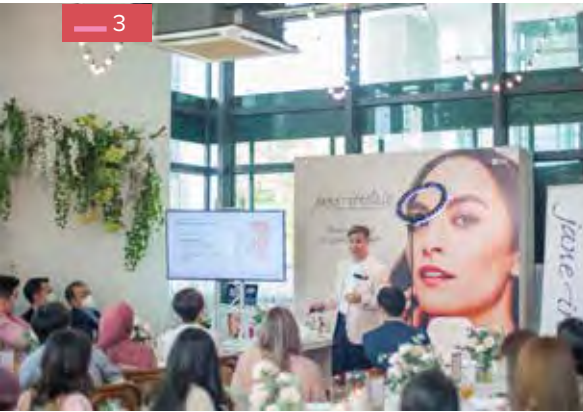
**dermalogica**

For business enquiries, please call our customer service hotline at **03-7809 6622**.





- 1 Our Dermalogica Daily Milkfoliant launch event with Dr Angela Murphy, VP of Global R&D at Dermalogica and The International Dermal Institute
- 2 Our Tribe Connect in Desaru with our salon partners
- 3 Our Jane Iredale brand launch event
- 4 Reaching new consumers with Sephora
- 5 Our Davines WeSustainBeauty 2022 campaign with salon partners and influencers
- 6 GHD Spring Summer Collection 2022 launch with salons



# Group Directory



|  |  |
|--|--|
| <b>MALAYSIA</b><br><i>(Headquarters)</i> | <b>ESTHETICS INTERNATIONAL GROUP BERHAD</b><br>Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam<br>Selangor Darul Ehsan, Malaysia<br>Tel: +603 7809 6688 Fax: +603 7809 6699                    |
| <b>SINGAPORE</b>                         | <b>EIG GLOBAL PTE LTD</b><br>60 Paya Lebar Road, # 09-28 Paya Lebar Square, Singapore 409051<br>Tel: +65 6271 4733 Fax: +65 6274 4889  |
| <b>HONG KONG</b>                         | <b>EIG DERMAL WELLNESS (HK) LTD</b><br>Suite 1808, 22 Hung To Road, Elite Centre, Kwun Tong, Kowloon, Hong Kong<br>Tel: +852 3900 1400 Fax: +852 2881 7612   |
| <b>THAILAND</b>                          | <b>EIG (THAILAND) CO LTD</b><br>48/28 Soi Rungreung, Ratchdapisek Road, Samsen Nok, Huai Khwang<br>Bangkok 10310, Thailand<br>Tel: +662 276 3978 Fax: +662 276 3979  |
| <b>INDONESIA</b>                         | <b>PT EIG DERMAL WELLNESS INDONESIA</b><br>Rukan Puri Niaga II, Jl. Puri Kencana Blok J1, No. 3Q, Kembangan Selatan<br>Jakarta Barat 11610, Indonesia<br>Tel: +6221 5830 4118  |
| <b>PHILIPPINES</b>                       | <b>EIG PHILIPPINES INC.</b><br>Lower Ground, 111 Paseo de Roxas, Legazpi Village, Makati, 1229 Metro Manila, Philippines<br>Tel: +0917 714 4552  |
| <b>BRUNEI</b>                            | <b>EIG DERMAL WELLNESS (B) SDN BHD</b><br>B6, 2nd Floor, Block B, Shakirin Complex, Bandar Seri Begawan, Kampong Kiulap,<br>Gadong B, Brunei Muara, BE1518, Brunei Darussalam<br>Tel: +673 223 7905 Fax: +673 223 7907 |

# Group

## Directory (Cont'd)

### CORPORATE OUTLET LOCATION

as at 31 JULY 2023



#### MALAYSIA

##### Kuala Lumpur

- Bangsar Shopping Centre
- Pavilion Kuala Lumpur
- Suria KLCC
- Mid Valley Kuala Lumpur
- Sri Hartamas Shopping Centre
- Leisure Mall, Cheras
- Aeon Metro Prima, Kepong
- Pavilion Kuala Lumpur \*
- Sunway Velocity
- Melawati Mall
- Bangsar Village II
- Publika Shopping Gallery

##### Selangor

- One Utama Shopping Centre
- Sunway Pyramid Shopping Centre
- IOI Mall, Puchong
- Bukit Tinggi, Klang
- Metro Point, Kajang
- Setia City Mall
- Paradigm Mall, Kelana Jaya
- Empire Shopping Gallery, Subang
- IOI City Mall
- The Starling Mall
- One Utama Shopping Centre \*

##### Putrajaya

- Alamanda Shopping Centre

##### Penang

- Greenlane
- Gurney Plaza
- Queensbay Mall
- Straits Quay
- Seberang Jaya

##### Kelantan

- Aeon Mall, Kota Bahru

##### Johor

- Aeon Tebrau City Shopping Centre
- Southkey Megamall



#### SINGAPORE

- Compass One
- Parkway Parade
- Plaza Singapura
- White Sands
- nex@serangoon
- JEM
- Bedok Mall
- Northpoint City
- United Square Shopping Mall



#### HONG KONG

- Century Square, Central
- Manning House, Central \*
- Yata, Shatin \*
- Langham Place, Mongkok \*
- Sogo Causeway Bay \*
- Facesss, Tsim Sha Tsui \*
- Mannings International Finance Centre, Central

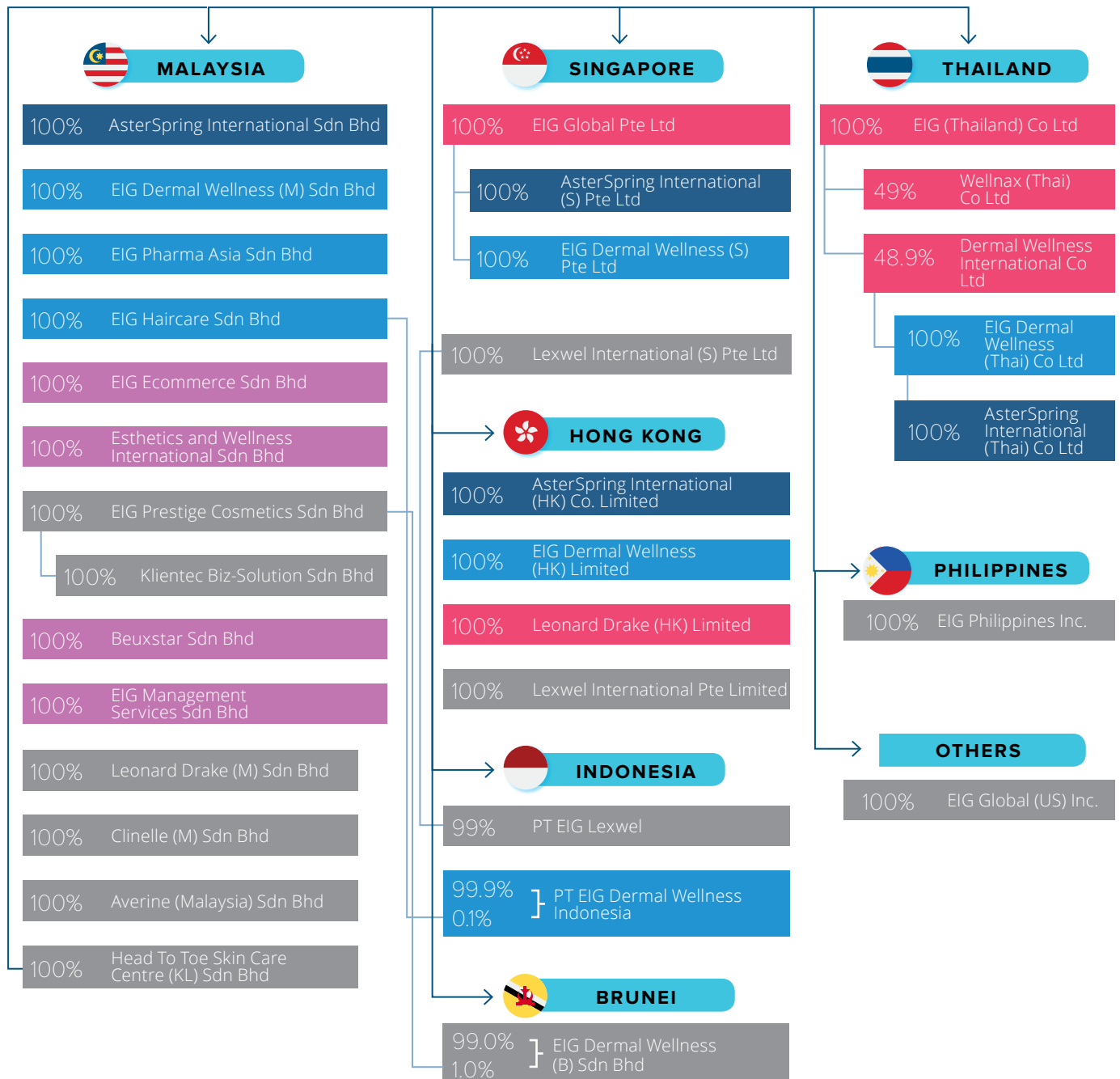


#### THAILAND

- Life Centre, Sathorn
- Siam Square One, Bangkok
- Central, Pinklao \*
- Central, Chaengwattana \*
- Central, Westgate \*
- Central, Lardprao \*
- Central, Rangsit \*
- Central, Bangna \*
- Central, East Ville \*
- Eve & Boy, SQ1 \*
- Eve & Boy, Rangsit \*
- Eve & Boy, Bangna \*
- Eve & Boy, Fashion Island \*
- KIS, Central World Plaza 2 \*
- Siam Paragon \*
- The Mall, Emquartier \*
- KIS, Mega Bangna \*

\* Kiosks

# Corporate Structure



**LEGEND**

|   |  |
|---|--|
| <span style="color: red;">■</span> Investment Holding                 | <span style="color: purple;">■</span> Other Services |
| <span style="color: blue;">■</span> Product Distribution              | <span style="color: grey;">■</span> Dormant          |
| <span style="color: darkblue;">■</span> Professional Services & Sales |  |

# clinelle® Caviar Gold

# 3X OmegaLift effect for Firmer & Youthful skin in 2 weeks.\*

Reduce Fine Lines & Wrinkles up to **-83%**\*



OmegaLIFT  
Complex



Caviar  
Extract  
to boost  
skin firmness

24K  
Gold  
to increase  
skin elasticity

Phytogold  
Extract  
to brighten  
skin



clinelle®  
Caviar Gold  
Firming Eye Serum

Reduce fine lines,  
dark circles & eye bags

For all skin types

OmegaLIFT Complex

Dermatologically Tested

Formulated &

Manufactured in KOREA



MADE IN KOREA



clinelle®

Caviar Gold  
Firming Cream

OmegaLIFT Complex

Shima Anuar  
Malaysia Artiste

\*With use in 14 days. A clinical trial in 2015.

EIG A trusted skincare brand by EIG Berhad

Hotline: +603-7809 6636

myclinelle

facebook icon

instagram icon

www.clinelle.com

# Corporate Information

## PRINCIPAL BUSINESS

With 39 years of experience, EIG is a leading company in the beauty and wellness industry in ASEAN and Hong Kong focused on the following business lines:

### (a) Product Distribution

Product Distribution includes Professional Distribution to skincare salons, hair salons and medical clinics and Fast Moving Consumer Goods (FMCG).

EIG is one of the leaders in building and distributing professional beauty and wellness brands in ASEAN and Hong Kong with an extensive distribution network to more than 1,600 independent professional salons across the region.

EIG is the exclusive distributor for a number of leading international brands such as Dermalogica professional-grade skincare, Davines professional haircare, Jane Iredale natural mineral makeup, Tisserand Aromatherapy, GHD professional hairstyling tools, and Depileve professional waxing products. EIG also develops and distributes its own Bioxil Innertreats inner supplements range which helps to promote inner wellness with safe and effective ingredients.

For the Fast Moving Consumer Goods (FMCG) segment, EIG also develops and distributes our own FMCG skin care brands, Clinelle and Nurish Organiq, through over 2,200 pharmacies and high traffic retail outlets throughout Malaysia and Indonesia. Clinelle focuses on safe, efficacious and affordable skincare products which achieves proven results and are manufactured in countries such as USA, France and South Korea while Nurish Organiq is a halal skincare range formulated with organic ingredients, which is safe and delivers proven results.

### (b) Corporate Salons

As at 30 June 2023, EIG owns and operates 66 corporate outlets comprising 43 AsterSpring skincare salons and 23 retail stores and department store counters strategically located in key shopping malls and retail locations in Malaysia, Singapore, Hong Kong and Thailand. AsterSpring is today a leading chain of professional

skin care salons in Asia with millions of faces treated over 39 years.

### BOARD OF DIRECTORS

**Eddy Chieng Ing Huong**  
(Executive Chairman)  
**Roderick Chieng Ngee Kai**  
(Group Managing Director and Chief Executive Officer)

**Brian Chieng Ngee Wen**  
(Executive Director)

**Janet Chieng Ling Min**  
(Executive Director)

**Boh Boon Chiang**  
(Senior Independent Non-Executive Director) – appointed on 2 June 2023

**Dato' Dr Noor Zalmy Azizan**  
**Binti Mohd. Ali Azizan**  
(Independent Non-Executive Director)

**Corina Loi Wei Sin**  
(Independent Non-Executive Director)

**Rosie Hong May Kwee**  
(Independent Non-Executive Director)

### AUDIT AND RISK COMMITTEE

Chairman  
**Boh Boon Chiang**  
– appointed on 2 June 2023

Members  
**Dato' Dr Noor Zalmy Azizan**  
**Binti Mohd. Ali Azizan**  
**Corina Loi Wei Sin**  
**Rosie Hong May Kwee**

### NOMINATING COMMITTEE

Chairman  
**Boh Boon Chiang**  
– appointed on 2 June 2023

Members  
**Dato' Dr Noor Zalmy Azizan**  
**Binti Mohd. Ali Azizan**  
**Corina Loi Wei Sin**  
**Rosie Hong May Kwee**

### REMUNERATION COMMITTEE

Chairman  
**Eddy Chieng Ing Huong**

Members  
**Dato' Dr Noor Zalmy Azizan**  
**Binti Mohd. Ali Azizan**  
**Boh Boon Chiang**  
– appointed on 2 June 2023

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Lot 11, Jalan Astaka U8/88  
Bukit Jelutong, Seksyen U8  
40150 Shah Alam  
Selangor Darul Ehsan  
Malaysia  
Tel : +603-7809 6688  
Fax : +603-7809 6699  
Website : www.estheticsgroup.com

### AUDITORS

**Baker Tilly Monteiro Heng PLT**  
Chartered Accountants  
Baker Tilly Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur  
Malaysia  
Tel : +603-2297 1000  
Fax : +603-2282 9980

### SHARE REGISTRARS

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

### COMPANY SECRETARY

**Lee Wai Ngan**  
(PC 201908003497 / LS 00184)

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market, Trading/Services Sector  
Date of Listing: 11 March 2004  
Stock Code: 5081

### PRINCIPAL BANKERS

CIMB Bank Berhad  
DBS Bank Limited  
HSBC Bank  
Malayan Banking Berhad  
RHB Bank Berhad

## Group Financial Highlights and Five-Year Financial Summary

|  |          | 31.03.2019 | 31.03.2020 | 31.03.2021 | 31.03.2022 | 31.03.2023 |
|--|----------|------------|------------|------------|------------|------------|
| Revenue  | (RM'000) | 168,163    | 170,598    | 129,481    | 124,592    | 165,104    |
| EBITDA   | (RM'000) | 17,668     | 33,417     | 26,340     | 15,168     | 19,220     |
| Profit/(Loss) Before Tax                         | (RM'000) | 13,299     | 8,502      | 2,533      | (6,372)    | (1,594)    |
| Profit/(Loss) After Tax                          | (RM'000) | 9,847      | 5,162      | 2,072      | (6,129)    | (5,676)    |
| Net (Loss)/Profit Attributable To Equity Holders | (RM'000) | 9,847      | 5,162      | 2,072      | (6,129)    | (5,676)    |
| Total Assets                                     | (RM'000) | 247,488    | 265,628    | 266,258    | 264,124    | 266,429    |
| Total Liabilities                                | (RM'000) | 71,170     | 91,127     | 92,150     | 97,900     | 104,740    |
| Shareholders' Equity                             | (RM'000) | 176,318    | 174,501    | 174,108    | 166,224    | 161,689    |
| Cash And Short term cash investments             | (RM'000) | 71,821     | 62,462     | 61,513     | 54,311     | 43,157     |
| Number Of Shares                                 | ('000)   | 237,194    | 237,194    | 237,194    | 237,194    | 237,194    |
| Earnings/(Loss) Per Share                        | (Sen)    | 4.15       | 2.18       | 0.87       | (2.58)     | (2.39)     |
| Net Assets Per Share                             | (RM)     | 0.74       | 0.74       | 0.73       | 0.70       | 0.68       |
| Return On Equity                                 | (%)      | 5.6%       | 3.0%       | 1.2%       | (3.7%)     | (3.5%)     |
| Return On Total Assets                           | (%)      | 4.0%       | 1.9%       | 0.8%       | (2.3%)     | (2.1%)     |
| Gearing Ratio                                    | (times)  | 0.1        | 0.1        | 0.1        | 0.1        | 0.1        |
| Gross Dividend Per Share                         | (Sen)    | 3.0        | 1.75       | 1.0        | 1.0        | 0.5        |
| Share Price As At Financial Year End             | (RM)     | 0.66       | 0.51       | 0.42       | 0.37       | 0.30       |

## Chairman's Report and Management Discussion & Analysis



**Dear Valued Shareholders,**

**On behalf of the Board of Directors, I am pleased to present to you this Annual Report for Esthetics International Group Berhad (EIG) for the year ended 31 March 2023 (FY2023).**

During the year in review, the countries that we operate in gradually transitioned into the endemic phase of living with COVID-19. While the re-openings and relaxation of restrictions was uneven and at different timings across the region, we were grateful to receive more consumers to our AsterSpring professional skin care salons, as well as to the independent skin care and hair care salons that we distribute to. Hong Kong was still partly affected in FY2023 where salons were most recently required to close from 7 January until 21 April 2022.

Against the recovery in consumer traffic, we navigated significant challenges from post-pandemic supply chain disruptions, inflationary pressures and the further strengthening of the US Dollar to record highs against

the Malaysian Ringgit during the year. These resulted in higher pressures on our margins while we sought to support our independent salon partners who were still recovering from the COVID-19-related closures of the previous two years. As an industry, like many retail service related industries globally we also faced a greater need for manpower during the re-openings which impacted industry-wide capacity to service customers and maximise revenue opportunities.

Against these challenges, we focused on strengthening our team, launching innovative products and services, recruiting new customers and growing our brands for the long term.

For the year under review, our Group achieved revenue of RM165.1 million for FY2023 which was 32.5% higher than FY2022, and a lower loss before tax of RM1.6 million as compared to a loss before tax of RM6.4 million for FY2022.

### DIVISIONAL PERFORMANCE

#### a) Professional Services and Sales (Corporate Outlets)

EIG continues to be one of the leaders in professional skincare salons in ASEAN and Hong Kong with 66 wholly-owned AsterSpring professional skincare salons, retail kiosks and department store counters across Malaysia, Singapore, Hong Kong and Thailand as at 30 June 2023.

With 39 years of experience, AsterSpring is differentiated by our strategic retail locations, our team of more than 300 professionally certified skincare therapists and leading products and treatments focusing on skin health.

For the year under review, our Corporate Outlets recorded revenue of RM93.4 million, which was 35.3% higher than FY2022 due to the longer COVID-19 related lockdowns and salon closures in FY2022. With the recovery in the topline, our Corporate Outlets division recorded an operating profit of RM2.7 million as compared to an operating loss of RM0.5 million for FY2022.

Having confidence that the Hong Kong market would gradually improve once borders were open and international travel resumed, we were pleased to open a new Dermalogica retail counter at Sogo Causeway Bay, one of the prime retail locations in Hong Kong, following the closure of Sogo Tsim Sha Tsui where we previously had a retail counter as well. We also rationalised 11 non-productive outlets, predominantly consignment department store counters where the business potential was not as expected, to refocus the Group's resources on areas with higher potential.

We continue to focus on developing our teams and launching innovative professional skin treatments so that we can deliver trusted, safe and efficacious skin health solutions to our valued customers.

# Chairman's Report and Management Discussion & Analysis (Cont'd)

## b) Product Distribution

Product Distribution relates to our Professional Distribution and Fast Moving Consumer Goods (FMCG) business units.

Professional Distribution is our distribution network to more than 1,600 independent professional skincare and haircare salons across ASEAN and Hong Kong. EIG is the exclusive distributor for leading international brands such as Dermalogica professional skincare, Davines professional haircare, GHD professional hair tools, Jane Iredale makeup, Tisserand Aromatherapy, Bioxil Innertreats health supplements, professional skin care equipment and Depileve professional waxing systems.

Our Fast Moving Consumer Goods (FMCG) division focuses on the development, marketing and distribution of our wholly-owned skin care brands Clinelle and Nurish Organiq to pharmacies and high traffic outlets throughout Malaysia and Indonesia such as Watsons, Guardian, Aeon and independently owned pharmacies.

Our Product Distribution segment recorded revenue of RM63.2 million for FY2023, which was 35.2% higher than FY2022 due to the absence of salon closures in most of the Group's markets in FY2023. With the higher revenue being partially offset by inflationary and exchange rate pressures, the segment reported a lower operating loss of RM5.1 million as compared to an operating loss of RM6.7 million in FY2022.

For Professional Distribution, we continue to focus on developing our distribution networks and brands while supporting our customers with innovative marketing and education programs. During the year we formally launched Jane Iredale, the skincare makeup system, in Malaysia and Singapore, as well as exciting new product innovations such as the Dermalogica Daily Milkfoliant with media, influencers and customers. We also continued to focus on increasing our engagement with consumers digitally and growing our brand awareness with influencers.

For FMCG, we continued to focus on building brand loyalty and recruiting new consumers for our own skincare brands, Clinelle and Nurish Organiq with innovative results-oriented products and marketing campaigns. During the year, we had the exciting launch of our improved and revamped Clinelle Caviar Gold range with our innovative OmegaLIFT complex for firmer and youthful skin. For Nurish Organiq, our halal formulated with organic ingredients skincare brand, we launched extensions to our Nurish Organiq Teen range for consumers with acne prone skin with the Nurish Organiq Anti-Acne Charcoal series and Tea Tree Oil.

## c) Ecommerce and Others

We continued to serve consumers digitally across the countries that we operate in with our own branded ecommerce sites, flagship stores on selected marketplaces as well as working with selected e-tailers. Ecommerce generated RM8.4 million in revenue for FY2023, which was marginally lower than the revenue of RM8.7 million for FY2022 despite the recovery in retail traffic shifting back to offline channels generally.

## SUSTAINABILITY

At EIG, our tagline is "Bringing Out The Best in You" and we aim to have a positive impact on our stakeholders. We strive to provide consumers with safe and efficacious beauty and wellness products and services that they can trust, while building a merit-based environment where our EIG team members can grow in their contribution and careers.

Regarding the environment and community, we work with leading international brands such as Dermalogica and Davines which are industry leaders in sustainability initiatives such as recyclable packaging, using plastic derived from recycled or plant-based material, carbon offset and regenerative ingredients. We are also committed to positive sustainability commitments for our own FMCG brands Clinelle and Nurish Organiq, which are rooted in clean formulas with no artificial fragrances, no artificial colouring, no SD alcohol, no comedogenic ingredients, no mineral oils, no lanolin and no parabens. We are proud to be one of the few local FMCG brands that is committed to reducing the use of virgin plastics and our carbon footprint. By 2026, we aim to be a climate positive, land positive and people positive brand.

We also have consumer marketing campaigns such as our Ocean Keeper Campaign with Davines to raise awareness of the need to reduce plastic waste in the oceans, and as a group have taken measures to reduce our office electricity, paper and water consumption and increasing our use of recyclable packaging materials. Further details can be found in our Sustainability Report in this Annual Report.

## KEY RISKS AND MITIGANTS

### Consumer sentiment

We believe that professional skincare services and skincare, haircare and other beauty and wellness products will continue to be part of the consumer lifestyle. Nevertheless, our business is subject to the general economic climate and consumer sentiment, which may soften in periods of rising inflation and interest rates. To mitigate this, we focus on building brand awareness and brand loyalty by tactically promoting our offerings to recruit new consumers as well as incentivise repeat

# Chairman's Report and Management Discussion & Analysis (Cont'd)

purchase from existing customers, with products and treatments which deliver real results. We also offer a range of products and services targeting different segments.

## Foreign exchange exposure

We purchase most of our products in US Dollars and in Euros. As such, we are subject to weakness in our domestic currencies against the US Dollar and Euro which results in higher inventory costs. However, this risk is partially offset by the fact that approximately 33% of our revenue is generated in Singapore and Hong Kong, where the Singapore Dollar and Hong Kong Dollar are relatively more stable against the US Dollar.

## Social, political and regulatory conditions

We are subject to social, political and regulatory developments in the countries we operate in. As seen in the lockdowns arising from the COVID-19, our business may be impacted by widespread social disruption events which may require widespread closure of our corporate outlets and distribution networks. This is partly mitigated by our diversified geographic presence across Malaysia, Singapore, Hong Kong, Thailand and Indonesia, and also via our focus on diversifying our distribution channels.

## Competition and consumer trends

The beauty and wellness industry is subject to vibrant competition with a wide range of brands and offerings at different price/value positionings, and we are subject to competition for market share. We respond to this risk by investing in marketing to build our brand equity, reach new consumers and customer loyalty programs to build and retain existing customers.

Similarly, the beauty and wellness industry is also subject to changes in consumer trends. We continually seek to stay ahead and abreast of changes in key trends, technologies and consumer demands. We also aim to tailor our product and service offerings to remain relevant while prioritising our belief in focusing on long-term health, wellness and sustainability.

## **Liquidity and Capital Resources**

During the year, we invested RM2.2 million in capex for new and refurbished Corporate Outlets, as well as technology and digital solutions to position our business for the future. We continue to have a positive financial position with approximately RM43 million in cash and short-term cash management funds as at 31 March 2023. We also have capacity to raise further financing as required for strategic opportunities with our low gearing ratio of 0.12 times.

## **MOVING FORWARD**

The Group continues to focus on growing as a leader in professional skin care services, as well as building our own and select distribution brands on an omnichannel basis in ASEAN and Hong Kong.

Acknowledging the near-term uncertainties and economic challenges, we remain positive that the beauty and wellness industry has positive prospects over the longer term due to favourable demographic and sociological trends such as a growing desire for beauty and wellness, population growth, longer life expectancies and growing affluence in the region.

## **DIVIDEND**

In appreciation of our shareholders' support for the Group, the Board has recommended a final dividend of 0.5 sen (RM1.2 million) for FY2023 for shareholder approval at the upcoming twenty-sixth (26th) Annual General Meeting.

## **APPRECIATION**

On behalf of the Board, I would like to express our appreciation to our valued customers, shareholders, principals, suppliers, and business associates for their continued confidence and support in the Group.

I would also like to take this opportunity to welcome Mr Boh Boon Chiang who joined the Board as Senior Independent Director on 2 June 2023, and extend our appreciation to Dato' Christopher Chan who stepped down from the Board on the same date. Mr Boh's profile is included in this Annual Report and he will be standing for re-election at the upcoming Annual General Meeting as required under the Group's articles of association.

I would also like to thank the management team and our 700 team members around the region for their professionalism, passion and efforts as we strive towards our vision of being a leading beauty and wellness company in ASEAN and Hong Kong.

Yours truly,

Eddy Chieng Ing Huong  
Executive Chairman



# Acne? Takkan jumpa lagi!



- Mengecilkan pori-pori
- Mengurangkan bintik hitam dan jerawat



- Membersih secara mendalam
- Mengeluarkan sisa minyak dari liang roma

Selamat, Yakin dan Suci

- Tanpa Pewarna Tiruan
- Tanpa Minyak Mineral
- Tanpa Komedogenik
- Tanpa SD-Alkohol
- Tanpa Lanolin
- Tanpa Sulfat
- Tanpa Paraben

Diuji Secara Dermatologi

**Tea Tree Oil**  
150,000ppm



Mengurangkan bintik hitam



Mengecutkan jerawat



Memudahkan parut



## Directors' Profile



# Eddy Chieng

Ing Huong

Executive Chairman

— **EDDY CHIENG ING HUONG**, Malaysian, male, aged 65, was redesignated as the Executive Chairman of EIG on 28 February 2012. Prior to this, Mr Eddy Chieng was the Executive Chairman and Group Chief Executive Officer from 3 September 2010, Executive Chairman (redesignated on 2 September 2009) and Non-Independent Non-Executive Chairman (redesignated on 21 November 2006). He was appointed to the Board of the Company on 4 February 2004 and is also the Chairman of the Remuneration Committee.

Mr Eddy Chieng graduated in 1980 from the University of New South Wales, Australia with a Bachelor of Commerce Degree with Merit in Accounting, Finance and Information Systems. He qualified as a Chartered Accountant in 1981 and is a Fellow of the Chartered Accountants Australia and New Zealand (CA ANZ). He is also a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

Mr Eddy Chieng has extensive senior management experience having been involved in a number of successful entrepreneurial businesses in Malaysia and overseas; primarily in ASEAN, Hong Kong and Australia.

Mr Eddy Chieng is also the Chairman of Selangor Dredging Berhad. He was previously the Founder/Managing Director of Nationwide Express Courier Services Berhad, Executive Director of OSK Holdings Berhad, Independent Non-Executive Director of Ancom Berhad, Nylex (Malaysia) Berhad, Orotan Group Limited (ASX listed), Chairman of Asia Poly Holdings Berhad, and Senior Independent Non-Executive Director of QL Resources Berhad. In addition, he was instrumental in bringing Fedex to Malaysia and was a Director of Federal Express Malaysia for a number of years.

# Roderick Chieng

Ngee Kai

Group Managing Director  
and Chief Executive Officer



— **RODERICK CHIENG NGEE KAI**, Malaysian, male, aged 39, was redesignated as the Group Managing Director and Chief Executive Officer of EIG on 28 February 2012. Prior to the redesignation, Mr Roderick Chieng was an Executive Director of EIG since 3 September 2010.

Mr Roderick Chieng was awarded a scholarship from the University of Technology Sydney, Australia where he graduated with Distinction with a Bachelor of Accounting, majoring in Accounting and Finance. He is also a qualified member of the Chartered Accountants Australia and New Zealand (CA ANZ).

Prior to joining EIG, Mr Roderick Chieng had over 6 years' experience in investment banking, property finance and accounting with Macquarie Group Limited in Sydney, Australia where his last held position was Manager in Macquarie Capital Advisers.

## Directors' Profile (Cont'd)

**BRIAN**

Chieng Ngee Wen

Executive Director



**JANET**

Chieng Ling Min

Executive Director



**BRIAN CHIENG NGEEN WEN**, Malaysian, male, aged 37, was redesignated as an Executive Director of EIG on 1 April 2016. Prior to the redesignation, Mr Brian Chieng was a Non Independent Non-Executive Director of EIG since 28 February 2012.

Mr Brian Chieng graduated from the University of New South Wales in Sydney, Australia with a Bachelor of Commerce with Merit in Finance and Accounting. He is a qualified member of the Chartered Accountants Australia and New Zealand (CA ANZ) and holds a Diploma in Financial Services from the Securities Institute of Australia (FINSIA).

Mr Brian Chieng had over 10 years' experience in the investment banking and securities industry in Australia and Malaysia, including over 4 years' experience in corporate finance with Macquarie Group Limited in Sydney, Australia where he was involved in transactions in Australia, the United States and Asia. He was previously Vice President, Business Development at Affin Hwang Investment Bank Berhad and was formerly an Independent Non-Executive Director of Asia Poly Holdings Berhad.

**JANET CHIENG LING MIN**, Malaysian, female, aged 32, was appointed as an Executive Director of EIG on 28 February 2017.

Ms Janet Chieng graduated from the University of New South Wales in Sydney, Australia, with a double degree: a Bachelor of Commerce with Distinction, and Bachelor of Laws with First Class Honours.

Ms. Janet Chieng joined Esthetics International Group Berhad as a Business Development Director in July 2015. Prior to joining EIG, Ms. Janet Chieng had over two years' experience in equity research focusing on companies in the Australian retail sector with Citigroup in Sydney, Australia.

## Directors' Profile (Cont'd)

**BOH**

Boon Chiang

Senior Independent Non-Executive Director



**BOH BOON CHIANG**, Malaysian, male, aged 60, was appointed as the Senior Independent Non-Executive Director of the Company on 2 June 2023. He is also the Chairman of the Audit and Risk Committee and Nominating Committee, and a member of the Remuneration Committee.

Mr Boh is professionally qualified as an accountant and a member of the Malaysian Institute of Accountants. Mr Boh also obtained his Master of Business Administration from Bath University, U.K. He has more than 30 years of commercial experience in various sectors including construction, manufacturing and education and has extensive exposure in financial management which covers corporate affairs, business development, taxation and finance.

He was previously the Group Financial Controller and Chief Operating Officer and Director of Inti Universal Holdings Berhad, and Managing Director of INTI University Malaysia. He was also formerly the Group Chief Operating Officer and Deputy Group Chief Executive Officer of Khind Holdings Berhad. Mr Boh has since retired from the corporate field and is currently a Vistage Business Coach as well as an Independent Non-Executive Director of iCapital.Biz Berhad.

**DATO' DR NOOR ZALMY AZIZAN**

Binti Mohd. Ali Azizan

Independent Non-Executive Director



**DATO' DR NOOR ZALMY AZIZAN BINTI MOHD. ALI AZIZAN**, Malaysian, female, aged 55, was appointed as an Independent Non-Executive Director of the Company on 26 May 2015. Dato' Dr Zalmy is also a member of the Audit and Risk Committee and Nominating Committee.

Dato' Dr Zalmy graduated with a Bachelor of Medicine, Bachelor of Surgery and Bachelor of Obstetrics from The Royal College of Surgeons Ireland/National University of Ireland (2nd Class Honours) in 1994 and was appointed as a member of the Royal College of Physicians of the United Kingdom (UK) in 1998. She obtained her Advanced Masters in Dermatology from the National University of Malaysia (UKM) in 2004 and was a Clinical Research Fellow of the Department of Dermatology, University of Michigan Hospital, USA in 2008. Dato' Dr Zalmy is currently working as a Senior Consultant Dermatologist at Central Dermatology Specialist Clinic, Bangsar South where she is also the co-founder of the clinic. She is also a visiting consultant at Thomson Hospital Kota Damansara and Hospital Kuala Lumpur. Dr Zalmy has been a qualified consultant dermatologist since 2004 and also an Honorary Lecturer of National University of Malaysia Medical Centre (PPUKM) and Perdana University.

Dato' Dr Zalmy has been a member of the Dermatological Society of Malaysia (Persatuan Dermatologi Malaysia) since 2004 and currently is the immediate Past President of Persatuan Dermatologi Malaysia. In addition, Dato' Dr Zalmy serves as an executive committee member of the Cosmetic Dermatology and Laser Medicine Board of Malaysia, and committee member of Asian Academy of Dermatology and Venerology, Asian Society of Dermatopathology, Malaysian Skin Foundation, National Specialist Register (Training Subcommittee for Dermatology) and the National Aesthetic Practice Credentialing and Privileging Board.

## Directors' Profile (Cont'd)

### CORINA

Loi Wei Sin

Independent Non-Executive Director



**CORINA LOI WEI SIN**, Malaysian, female, aged 63, was appointed as an Independent Non-Executive Director of the Company on 31 December 2018. She is also a member of the Audit and Risk Committee and Nominating Committee. Ms Corina Loi has over 30 years' experience in retail, sales and marketing in Malaysia focusing on beauty, high fashion and health food supplements.

Ms Loi was formerly the Senior Vice President and Country Head for SaSa Malaysia, where she was involved in the establishment and growth of SaSa, one of the leading speciality beauty retailers in Asia, in Malaysia from October 1997 to April 2014.

Prior to SaSa Malaysia, Ms Loi was the Marketing and Sales Manager for Dickson Trading (Malaysia) from 1991 to 1997, where she was involved in the retailing for several luxury fashion brands. Before this she was the Marketing Manager for Supreme Health Sdn Bhd focusing on health supplement products.

### ROSIE

Hong May Kwee

Independent Non-Executive Director



**ROSIE HONG MAY KWEE**, Malaysian, female, aged 58, was appointed as an Independent Non-Executive Director of the Company on 31 December 2018. She is also a member of the Audit and Risk Committee and Nominating Committee. Ms Rosie Hong has 25 years' experience in strategic marketing with various organisations such as Foetus International Group, Paramount Corp. Bhd, DHL Worldwide Services and OgilvyOne Malaysia.

As the Group Executive Director for Foetus International Group, Ms. Hong was involved in leading eleven advertising and public relations agencies such as NagaDDB, Rapp Collins, Vizeum Media, Milk Advertising, and Tribal. Ms Hong was also Group Managing Director and pioneer of Rapp Collins Malaysia from 2000 to 2009, specialising in Customer Relationship Management, Data Analytics & Management services.

Ms Hong currently runs a talent recruitment firm focusing on marketing, branding and communications under Checkmate Consulting And Services.

#### NOTES:

1. **Family Relationship with Director and/or Major Shareholder**

Save as disclosed below, none of the Directors has any family relationship with any Director and/or major shareholder of the Company; Mr Eddy Chieng, is the father of Mr Roderick Chieng, Mr Brian Chieng and Ms Janet Chieng; and Mr Roderick Chieng, Mr Brian Chieng and Ms Janet Chieng are siblings.

2. **Conflict of Interest**

None of the Directors has any conflict of interest with the Company.

3. **Conviction of Offences**

None of the Directors has been convicted of any offences in the past five (5) years other than traffic offences.

**WHATEVER YOUR  
STAGE, IT'S YOUR  
TURN TO SHINE**



**OI LIQUID LUSTER,  
A NEW WATER-LIKE WEIGHTLESS  
TREATMENT THAT INSTANTLY  
GIVES 6X SHINIER HAIR,  
AND EXTREME SOFTNESS.**

CO<sub>2</sub> OFFSET,  
EXCLUDED USE PHASE

Certified



Corporation

WWW.DAVINES.COM  
@DAVINESOFFICIAL

# Corporate Governance

## Overview Statement for the Financial Year Ended 31 March 2023

**The Board of Directors (“Board”) of Esthetics International Group Berhad (“EIG” or “the Company”) is committed to the principles of corporate governance reflected in the Malaysian Code on Corporate Governance (“Code”) in building and overseeing a responsible and ethical organisation committed to enhancing long-term, sustainable shareholder value. This Statement is to be read in conjunction with the Corporate Governance Report accompanying this Annual Report for FY2023.**

### ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the overall strategic direction, corporate governance, control systems, and significant policies of the Group on behalf of the Group’s shareholders. EIG is led by an experienced Board with a wide and varied range of academic and professional qualifications and experience relevant to lead the Group. The principal responsibilities of the Board include management oversight, strategic planning, succession planning, performance evaluation, resource allocation, setting standards of conduct reflected in the Group’s Code of Conduct, identifying principal risks and reviewing internal control systems.

The Board seeks to ensure that the Group’s strategies promote sustainability. The Board Charter was reviewed on 25 August 2022 and clearly sets out the Board’s role, powers, duties and functions. The Board Charter is available on EIG’s corporate website at [www.estheticsgroup.com](http://www.estheticsgroup.com). Matters which are reserved for decision by the Board include, amongst others:

- Review and approval of the corporate strategies and business plans for the Group;
- Review and approval of annual budgets, including major capital commitments;
- Declaration of dividends, approval of financial statements, annual and quarterly reports of the Group;
- Consideration of and approval of the appointment of Directors;
- Review and approval of Directors’ remuneration

Other than as specifically reserved to the Board, the responsibility of managing EIG’s day-to-day business activities and implementation of the policies and decisions of the Board is delegated to the Group Managing Director and CEO and Executive Committee, who are accountable to the Board.

Board meetings are scheduled with due notice in advance at least four (4) times in a year in order to review and approve the annual and interim financial results and to deliberate issues that require decision from the Board. The Board also reviews and approves the Group’s budget and business plan on an annual basis and carries out periodic review of the progress made by the various business units so as to align the business direction and goals with the objective of delivering long-term shareholder value.

Prior to each Board meeting, all Directors receive an agenda and a full set of Board papers for the agenda items to be discussed at least 5 days before the Board Meeting. At each Board meeting, the relevant Executive Directors and Management provide an explanation of pertinent issues. All proceedings from the Board meetings are minuted by the Company Secretary, who attends all board meetings and ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of EIG.

In the intervals between scheduled Board meetings, for exceptional matters requiring urgent Board decisions, Board decisions are obtained via additional ad-hoc meetings convened or circular resolutions which are supported with board papers, providing information necessary for the Board’s deliberation.

All Directors have full and unrestricted access to timely information, necessary in the furtherance of their duties. The Directors also have full access to the advice and services of the Company Secretary who advises the Board on matters including corporate governance issues and Directors’ responsibilities in complying with relevant legislation and regulations. In addition, the Directors are also empowered to seek independent external professional advice at the expense of the Company, should they consider it necessary in the course of their duties.

### Fit and Proper Policy

During the financial year, the Board has approved the Fit and Proper Policy. The Policy aims at guiding the Nominating Committee and the Board in the selection of candidates for appointment of Directors and in the evaluation of Directors annually as well as for recommendation to the shareholders for re-election at the annual general meeting.

The aim is to ensure each of the Director possesses the character, experience, integrity, competence to effectively discharge their roles and responsibilities as Directors.

# Corporate Governance

## Overview Statement for the Financial Year Ended 31 March 2023 (Cont'd)

### BOARD COMPOSITION AND BALANCE

The Board has a well-balanced composition, with an effective mix of Executive Directors and Independent Non-Executive Directors which promotes the effective functioning of the Board while also fairly reflecting the investments in the Company.

The Board as at the date of this Statement comprises of eight (8) members:

- One (1) Executive Chairman
- One (1) Group Managing Director and Chief Executive Officer
- Two (2) Executive Directors, one of whom is a lady
- Four (4) Independent Non-Executive Directors, three of whom are ladies

The Independent Directors make up one half (1/2) of the board membership, thus exceeding the requirements of the Listing Requirements of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors, whichever is higher be independent. This also meets the recommendation of the Code that at least half of the board of directors should comprise of independent directors and that the Chairman and the CEO positions should be held by different persons.

The Board considers that the independent directors with their experience and credentials are able to play a strong and vital role by bringing informed and independent judgment to many aspects of the Group's strategy and decisions so as to ensure that the highest standards of conduct and integrity are maintained, as well as to safeguard the interest of other stakeholders, thereby fulfilling an independent, pivotal role in corporate accountability.

The Board also considers the importance of gender diversity in its Board composition and is pleased to have four of the eight directors or 50% of the Board as women. At the senior management level, over 75% of the Group's senior management team are women.

The Board has delegated certain responsibilities to the Board Committees with clearly defined terms of reference to assist in discharging their duties. The Chairman of the Committee will report and table to the Board their respective recommendations for consideration and adoption.

#### (i) The Audit and Risk Committee

The Audit and Risk Committee comprises four (4) Independent Non-Executive Directors in compliance with the Listing Requirements. The members of the Audit and Risk Committee are as follows:

- Boh Boon Chiang - Chairman (appointed on 2 June 2023)
- Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan - Member
- Corina Loi Wei Sin - Member
- Rosie Hong May Kwee – Member
- Dato' Christopher Chan Choun Sien (resigned on 2 June 2023)

Full details of the composition, complete terms of reference and a summary of the activities of the Audit and Risk Committee during the financial year are set out in the Audit and Risk Committee Report in this Annual Report.

#### (ii) The Remuneration Committee

The Remuneration Committee comprises the Executive Chairman and two Independent Non-Executive Directors:

- Eddy Chieng Ing Huong – Chairman
- Boh Boon Chiang - Member (appointed on 2 June 2023)
- Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan - Member
- Dato' Christopher Chan Choun Sien (resigned on 2 June 2023)

The objective of the Committee is to assist the Board of Directors in their responsibilities in assessing the remuneration policies of the Directors and to ensure that such policies support its corporate objectives and strategies for enhancing shareholder value.

The Director concerned will not be present when matters affecting his/her own remuneration arrangement are considered. The Board considers that Mr Eddy Chieng is the best person to lead the Remuneration Committee given his relevant entrepreneurial experience as well as considering the shareholdings of the Group.

# Corporate Governance

## Overview Statement for the Financial Year Ended 31 March 2023 (Cont'd)

Meetings of the Remuneration Committee are held as and when required, and at least once a year. The Remuneration Committee held one formal meeting on 30 May 2022 which was attended by all members, as well as ad-hoc meetings to deliberate and consider the remuneration of the Directors for the financial year ended 31 March 2023.

### (iii) The Nominating Committee

The Nominating Committee comprises of four Independent Non-Executive Directors:

- Boh Boon Chiang – Chairman (appointed on 2 June 2023)
- Dato' Dr Noor Zalmay Azizan Binti Mohd. Ali Azizan - Member
- Corina Loi Wei Sin - Member
- Rosie Hong May Kwee – Member
- Dato' Christopher Chan Choun Sien (resigned on 2 June 2023)

The Nominating Committee is chaired by the Senior Independent Director and is empowered to bring to the Board recommendations as to the appointment/re-appointment/re-election of any Executive or Non-Executive Director, and has the ability to access independent sources to identify suitably qualified candidates.

The Nominating Committee ensures that the Board has an appropriate balance of relevant skills, expertise and experience and oversees the overall composition of the Board. For this purpose, the Committee assesses the effectiveness of the Board as a whole and performance and contribution of the Directors on an on-going basis. Terms of reference of the Committee are clearly defined.

Meetings of the Nominating Committee are held as and when required, and at least once a year. The Nominating Committee held one formal meeting on 27 February 2023.

### (iv) Tenure of Independent Directors

The Board recognizes Practice 4.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) year term, an Independent Director may continue to serve on the Board subject to approval by shareholders at each AGM or the director's re-designation as a non-independent director. None of the Independent Directors have served for more than 9 years.

## INDEPENDENCE AND CONFLICT OF INTEREST

The Board assesses the independence of the Directors annually by taking into consideration their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual Board assessment.

A separate assessment for Independent Directors is also undertaken annually. The Independent Directors all fulfil the criteria of 'Independence' as prescribed under Chapter 1 of the Listing Requirements and are independent of management and free from any relationship which could interfere with the exercise of their independent judgment.

Directors are required to declare their respective shareholdings in the Company and related companies. It is also the Directors' responsibility to declare to the Board whether they have any potential or actual conflict of interest in any transactions or in any contract or proposed contract with the Company or any of its related companies. Where issues involve a conflict of interest, the Director(s) will abstain from discussion and voting on the matters as well as abstain from any other decision making process in relation to these transactions.

The Directors are expected to commit sufficient time and attention to the affairs of the Company to enable them to discharge their responsibilities effectively. Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment. Directors' commitment, resources and time allocated to the Company are evident from the attendance record.

# Corporate Governance

## Overview Statement for the Financial Year Ended 31 March 2023 (Cont'd)

|   | 30.05.2022 | 25.08.2022 | 24.11.2022 | 27.2.2023 |
|---|------------|------------|------------|-----------|
| Eddy Chieng Ing Huong                               | ✓          | ✓          | ✓          | ✓         |
| Roderick Chieng Ngee Kai                            | ✓          | ✓          | ✓          | ✓         |
| Brian Chieng Ngee Wen                               | ✓          | ✓          | ✓          | ✓         |
| Janet Chieng Ling Min                               | ✓          | ✓          | ✓          | ✓         |
| Dato' Christopher Chan Choun Sien *                 | ✓          | ✓          | ✓          | ✓         |
| Dato' Dr Noor Zalmy Azizan<br>Binti Mohd Ali Azizan | ✓          | ✓          | ✓          | ✓         |
| Corina Loi Wei Sin                                  | ✓          | ✓          | ✓          | ✓         |
| Rosie Hong May Kwee                                 | ✓          | ✓          | ✓          | ✓         |
| Boh Boon Chiang ^                                   | x          | x          | x          | x         |

\* Resigned on 2 June 2023

^ Appointed on 2 June 2023

### APPOINTMENT AND RE-ELECTION TO THE BOARD

The appointment of Directors is undertaken by the Board as a whole. The Nominating Committee considers candidates suitable for appointment to the Board, and the final endorsement lies with the entire Board to ensure that the required mix of skills, experience and expertise of members of the Board is sufficient to address the issues affecting the Group.

The Articles of Association of the Company provides that at least one-third of the Board is subject to retirement by rotation at every AGM. Further, all the Directors of the Company shall retire at least once every three (3) years. A retiring Director is eligible for re-election. The election of every Director is voted on separately. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments.

The names and details of Directors seeking re-election at the forthcoming AGM are disclosed in the Notice of AGM and the Profile of the Board of Directors in this Annual Report. In accordance with the Listing Requirements, each member of the Board holds not more than five directorships in public listed companies.

During the year, the Board undertook a board evaluation which was conducted internally and facilitated with confidential evaluation forms by the Company Secretary. The evaluation reviewed the performance of the directors individually, as well as the Board as a whole and the respective board committees.

### CONTINUING EDUCATION OF THE DIRECTORS

The Directors are encouraged to attend relevant seminars, training programmes and conferences in order to update themselves on developments and changes in the industries in which the Group operates, as well as wider economic, financial, sustainability and governance issues. All Directors are required to complete the Mandatory Accreditation Programme prescribed by Bursa Securities, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

The conferences, seminars and training programmes attended by Directors during the financial year ended 31 March 2023 included the following:-

- ❖ Directors' Briefing Session - Directors' Responsibility towards Tax Authority
- ❖ eCommerce in Indonesia Webinar
- ❖ webinar "Private Markets Investment Forum"
- ❖ Cosmoprof Asia @ Singapore
- ❖ In-House Corporate Training Programme - Enhanced Practices and Disclosures of Sustainability Statement (Zoom)
- ❖ Tik-Tok for Business Summit
- ❖ Davines WWHT

# Corporate Governance

## Overview Statement for the Financial Year Ended 31 March 2023 (Cont'd)

- ❖ Webinar-TikTok’s Mega Sales, Mega Entertaining, Mega Success
- ❖ eZTracker: Achieving Supply Chain Resilience in Today’s Digital World 2022
- ❖ Advanced Nutrition Programme Conference
- ❖ The Securities Commission Malaysia’s Audit Oversight Board conversation with Audit Committees
- ❖ Jane Iredale – Influencer Program Webinar
- ❖ Directors’ Liabilities to LHDN
- ❖ Insights into Task Force on Climate-Related Financial Disclosures (“TCFD”) and Sustainable Finance
- ❖ Anti-Bribery & Corruption Awareness - Safeguarding the Group, its Directors, Management & Other Personnel from Corruption Prosecution
- ❖ Tax Corporate Governance Framework and Guidelines
- ❖ Cybersecurity Awareness Training
- ❖ 2022 Asia Conference: Collaboration in the Post Pandemic World
- ❖ Briefing on Directors’ Assessment of Board of Directors and Committees
- ❖ Dermatology chapter 4th Annual Scientific Meeting / PDM midterm
- ❖ Borneo Dermatology update 2022
- ❖ 47th PDM Annual General Meeting & Annual Dermatology Conference (47TH PDM 2022)
- ❖ 25th Regional Conference of Dermatology (Virtual)
- ❖ Dermatology Summit 2022
- ❖ ILDS World Skin Summit
- ❖ Audit Oversight Board (AOB) - Conversation with Audit Committee
- ❖ Circular Economy Conference (CEC) - Transitioning to Net Zero through Energy Efficiency
- ❖ Greening the Supply Chain - Conversation with Audit Committee
- ❖ How the Audit Committee and Auditors can work together towards Reliable Financial statements
- ❖ Stopping Scandals before they Happen (Risk Culture tone from the Top)
- ❖ Speak up against corruption
- ❖ Conversation with Audit Committees
- ❖ The Future of Employee Experience (EX)
- ❖ QED Change Maker Forum - “How Ideas, People and Tech will fuel economic growth and be the new force in modern capitalism.”
- ❖ Corporate Governance and Remuneration Practices for the ESG World (ASB Auditorium)

### DIRECTORS’ REMUNERATION

Directors’ remuneration is decided in line with the objective of attracting, retaining, motivating and incentivising Directors of the calibre needed to lead EIG successfully, relative to the size and nature of the Group’s operations. The remuneration of Directors is recommended by the Remuneration Committee with consideration given to the Group’s performance, Directors’ responsibilities and complexity of the company’s activities, but determined by the Board as a whole.

The Group Managing Director and Chief Executive Officer’s remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors’ fees must be approved by shareholders at the AGM.

The aggregate remuneration of Directors of the Company for the financial year ended 31 March 2023 (FY2023) are as follows:

| RM’000                  | Salaries & Other Emoluments <sup>(1)</sup> | Benefits In Kind <sup>(2)</sup> | Fees | Total |
|-------------------------|--|---------------------------------|------|-------|
| Executive Directors     | 1,733                                      | 138                             | 108  | 1,979 |
| Non-Executive Directors | 10   | 26                              | 93   | 129   |

Notes:

- <sup>(1)</sup> Other emoluments include bonuses, meeting allowances, employer contribution to the Employees’ Provident Fund
- <sup>(2)</sup> Benefits in-kind are in respect of product and service allowances for Executive Directors and gift certificates for treatment services for Non-Executive Directors.

# Corporate Governance

## Overview Statement for the Financial Year Ended 31 March 2023 (Cont'd)

The range of Directors' remuneration for FY2023 is shown in the following bands:

| Range of remuneration per annum | No. of Directors    |                         |
|---------------------------------|---------------------|-------------------------|
|                                 | Executive Directors | Non-Executive Directors |
| Below RM50,000                  | -                   | 4                       |
| RM100,000 to RM150,000          | 1                   | -                       |
| RM450,000 to RM500,000          | 1                   | -                       |
| RM550,000 to RM600,000          | 1                   | -                       |
| RM750,000 to RM800,000          | 1                   | -                       |

### INTEGRITY IN FINANCIAL REPORTING AND RISK MANAGEMENT

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's operations, financial position and prospects whenever it releases its quarterly report and annual financial statements to shareholders. The Audit and Risk Committee assists the Board in overseeing the financial reporting processes and the quality of financial reporting by scrutinizing information for disclosure to ensure accuracy, adequacy and completeness and compliance with applicable financial reporting standards.

The Audit and Risk Committee recognizes the importance of selecting suitable and independent external auditors in promoting good corporate governance. Accordingly, the Audit and Risk Committee assesses the suitability and independence of external auditors, giving consideration to relevant industry experience. In compliance with the Malaysian Institute of Accountants, EIG rotates its audit partners every seven (7) years to ensure objectivity, independence and integrity of audit opinions.

The Board also reviews and oversees compliance with the Group's Risk Management Framework, central to which is the Group's Internal Audit function which reports directly to and supports the Audit and Risk Committee. Further details of which are set out in the Audit and Risk Committee Report and the Group's Statement of Risk Management and Internal Control in this Annual Report.

The Board is satisfied that an adequate framework on whistleblowing was in place during the year under review. All employees can raise concerns regarding any wrongdoing or misconduct by another employee or person who has dealings with the Group via email to [whistleblower@estheticsgroup.com](mailto:whistleblower@estheticsgroup.com) or in writing to the Director of Corporate Affairs and/or Senior Independent Non-Executive Director at the Company's registered address. Confidentiality of all matters raised and the identity of the whistleblower are protected under the Policy.

The Board has also adopted an Anti-Bribery and Corruption Policy in line with the provisions of the Malaysian Anti-Corruption Commission Act 2009. The policy provides guidance to the Directors, employees and business associates of the Group as to specific or potential acts of bribery and corruption including matters relating to proper reporting of such act. A copy of this policy is available on the Company's website.

### SUSTAINABILITY

The Board, together with management recognises the importance for the governance of sustainability and considering sustainability in the long-term strategies, business plans and operations of the Group. The Board also recognises the importance of staying abreast of sustainability issues relevant to the Group.

Initiatives to promote greater environmental responsibility and to encourage the development of environmentally friendly technology play an important role in the daily activities of the Group. Together with its strategic partners, the Group has undertaken active efforts to minimize the negative impact on the environment throughout the entire production chain. The Group also seeks to raise the awareness of employees with regard to sustainability and supported various corporate social responsibility initiatives during the year under review.

Further details of the Group's sustainability initiatives are included in the Sustainability Statement.

### DIALOGUE WITH SHAREHOLDERS AND INVESTORS

General Meetings represent the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, the Group's corporate developments, the resolutions being proposed and the business of the Group in general at every General Meeting of the Company. The notice of General Meetings and Circular to Shareholders are sent to shareholders in accordance with the stipulated period set out in the Listing Requirements and Companies Act 2016. Annual General Meetings and the Annual Report are sent to shareholders at

## Corporate Governance

### Overview Statement for the Financial Year Ended 31 March 2023 (Cont'd)

least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 2016 in order to enable shareholders to review EIG's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

The Group Executive Chairman and/or the Group Managing Director and Chief Executive Officer take the opportunity to present a comprehensive review of the progress and performance of EIG, and provide appropriate answers in response to shareholders' questions during the meeting. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

Other Directors and representatives of the Management are also present at the General Meetings to assist the Chairman, where required, to respond to shareholders' queries during the meeting. The External Auditors and advisers of corporate exercises, where applicable, attend general meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter.

During the course of each financial year, the Company ensures prompt and timely release and dissemination of quarterly results, announcements, circulars and notices to enable shareholders to keep abreast of EIG's financial and operational performance and to make informed decisions with regards to significant corporate developments.

In accordance with the Amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, EIG has adopted poll voting for any resolution put forth for shareholders' approval at the general meetings.

The Board encourages the company to leverage on information technology for effective dissemination of information. The Company also maintains a website ([www.estheticsgroup.com](http://www.estheticsgroup.com)) through which shareholders and members of the public in general can gain access to information about the Group.

Details of the Senior Independent Non-Executive Director to whom concerns regarding the Group may be conveyed are as follows:

Post: Mr Boh Boon Chiang  
c/o Ms Lee Wai Ngan  
Systems Associates Sdn Bhd  
3A, Mezzanine Floor, Jalan Ipoh Kecil  
50350 Kuala Lumpur  
Tel: 03-4043 5750  
Fax: 03-4043 5755

#### OTHER INFORMATION IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA

##### (A) MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries which involve Directors' and substantial shareholders' interests either still subsisting at the end of the financial year ended 31 March 2023 or entered into since the end of the previous financial year.

##### (B) NON-AUDIT FEES

During the financial year ended 31 March 2023, the Company incurred expenses in relation to the review by the External Auditors of the Statement of Risk Management and Internal Controls included in the Annual Report. The amount of non-audit fees payable to the external auditors and their affiliates by the Group for the financial year ended 31 March 2023 are RM68,000.

Apart from the above, there were no non-audit fees paid to the External Auditors for the financial year ended 31 March 2023.

##### (C) RELATED PARTY TRANSACTIONS

There were no material related party transactions (not being transactions in the ordinary course of business) during the financial year.

A list of significant related party transactions is set out in Note 26 to the Financial Statements section of this Annual Report.

This Statement is made in accordance with a resolution of the Board of Directors dated 31 May 2023.

# The Skincare Makeup System

THE FOUNDATION OF GREAT SKIN



Cruelty-free



Sensitivity tested



Non-comedogenic



No synthetic preservatives



No synthetic fragrances

*jane iredale*  
THE SKINCARE MAKEUP™



[janeiredale\\_my](#)



[jane iredale Malaysia](#)



[janeiredale.com.my](#)

# Statement On Risk Management And Internal Control for the Financial Year Ended 31 March 2023

## INTRODUCTION

The Board of Directors (“the Board”) of Esthetics International Group Berhad (“EIG” or “the Group”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal controls of the Group for the financial year ended 31 March 2023. This Statement has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and taking into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”).

## BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group’s system of risk management and internal control and its effectiveness. The system of risk management and internal control is designed to safeguard shareholders’ investments and the Group’s assets. By nature, it can only provide reasonable assurance against material misstatement, loss or fraud and is designed to manage the Group’s risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and objectives of the Group. The Board regards risk management as an integral part of business operations and considers that the Group’s risk management and internal control system should provide reasonable assurance regarding the achievement of the Group’s objectives in the:

- effectiveness and efficiency of operations;
- reliability and integrity of information;
- compliance with laws and regulations; and
- safeguarding of the Group’s assets.

During the financial year under review and up to the date of approval of this statement for inclusion in annual report, the Board was supported by the Management and Internal Auditors in the on-going process of identifying, assessing and managing the business risks faced by the Group.

The Board has also obtained assurance from the Chief Executive Officer and Chief Financial Officer that the Group’s risk management and internal control system is adequate and operating effectively, in all material respects, for the financial year ended 31 March 2023.

## RISK MANAGEMENT

The Group has adopted an enterprise risk management framework which involves the identification, assessment and management of risks, as well as implementation of control processes to enable the Group to achieve its strategic objectives while mitigating the risks inherent in the business.

Within the Group, each Business Unit or department head is accountable for identifying and managing the business risks within their respective areas of responsibility. The Group’s Finance department also provides a check and balance, for example by periodically reviewing certain areas such as inventory variances and ageing of receivables, and reviewing certain purchases based on the limits of authority within the Group.

On top of this, the Group has in place a Risk Management Committee (RMC) which reports to the Board as well as the Audit and Risk Committee with respect to review and monitoring of the Group’s major risk exposures, key guidelines and policies for risk assessment and management, and steps taken by Management to monitor and mitigate such exposures.

The Risk Management Committee comprises of the Executive Directors as well as business unit heads. Individual risks are scored for their likelihood of occurrence and the impact thereof based on a ‘5 by 5’ risk matrix and parameters established for each key business unit or company in the Group. The use of such metrics is to assess the extent of risk the Group is prepared to take on or seek in achieving its business objectives. The risks monitored, assessed and managed by the Group include strategic risks, market risks such as feasibility of new locations, operational risks such as supply chain disruptions, financial risks such as credit risks, and cybersecurity risks amongst others.

In identifying, assessing, measuring and monitoring the risks faced by the Group, the Board and Management takes into consideration:

- the nature and extent of risks facing the Group;
- the extent and categories of risk which it regards as acceptable for the Group to bear;
- the likelihood of the risks concerned materializing;

# Statement On Risk Management

## And Internal Control for the Financial Year Ended 31 March 2023 (Cont'd)

- the Group's ability to reduce the risks that may materialize and their impact on the business; and
- the cost of operating particular controls relative to the benefit thereby obtained in managing the related risks.

The outsourced Internal Auditors assist in providing independent assessment and review of the Group's internal control processes, and where applicable, provide recommendations to improve the processes. Further details on the role of the Internal Auditors is outlined below.

The Audit and Risk Committee (ARC) assists the Board to ensure that there is independent oversight of internal controls and risk management, as set out in the ARC Terms of Reference.

### OTHER KEY ELEMENTS OF INTERNAL CONTROLS

Other key features of the Group's risk management and internal control system that were in place during the financial year under review include:

- An established framework identifying matters reserved for the Board and requiring Board approval as set out in the Board Charter,
- Requirement for approval and authority of the Directors for key treasury matters such as financing facilities, significant investments and designation of bank signatories;
- Clear financial authority limits to provide check and balance on the amounts and types of commitments that the Management can undertake on behalf of the Group;
- Regular reviews by the Executive Directors and Management together with the respective business unit Heads of the local and regional business units;
- Annual budgets are prepared and reviewed in advance for the following financial year which are reviewed and approved by the Board. Actual performance is reviewed against the Budget to identify material variances and follow-on actions required;
- Centralization of key support functions such as inventory management, inventory procurement, production planning, treasury functions, brand management and systems development at the Head Office in Malaysia;
- Adequate insurance cover over major assets;
- Established policies to guide employee conduct such as the Whistleblowing Policy and procedures to encourage and facilitate communication of any improper activities within the Group, annual declarations on the Group's Code of Conduct, and an established Anti-Bribery and Corruption Policy with zero tolerance for such practices.

### INTERNAL AUDIT FUNCTION

The Internal Audit function was undertaken by an independent professional firm with suitable experience and capabilities approved by the Audit and Risk Committee and appointed by the Board since 20 November 2013. The Internal Audit function independently assesses the Group's risk management and internal controls framework and assists the Audit and Risk Committee in providing the Board with the assurance it requires on the adequacy and effectiveness of the risk management and internal controls.

Any areas for improvement identified during the course of the internal audit review are brought to the attention of the Audit and Risk Committee. Four (4) internal audit reports and a risk management report were tabled at the Audit and Risk Committee meetings held during the financial year under review. The internal audit reports identified some areas of improvement to internal controls and these were addressed accordingly. Nevertheless, the identified weaknesses in the internal controls have not resulted in any material losses and/or require further disclosure in this Statement. The internal audit reports were also forwarded to and discussed with the Management concerned for attention and necessary action, with the status of actions taken then reported back to the Audit and Risk Committee and the Board.

The Internal Auditors also developed the Internal Audit Plan based on the RMC's risk assessment and review, which was then presented to the Audit and Risk Committee for approval.

### REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs Baker Tilly Monteiro Heng PLT, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2023 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

# Statement On Risk Management And Internal Control for the Financial Year Ended 31 March 2023 (Cont'd)

## CONCLUSION

The Board is of the view that the Group's system of risk management and internal controls is adequate and effective and that the monitoring, reviewing, and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the Group's operations and that risks are managed at an acceptable level throughout the Group's businesses.

The Board will continue to review and update the effectiveness of the Company's risk management and internal control systems to be in line with the changes in the operating environment.

This Statement is made in accordance with a resolution of the Board of Directors dated 31 May 2023.



# GROW BEAUTIFUL

We're committed to taking climate action by deeply integrating beauty and agriculture.

Join our movement to grow the future now with regenerative organic agriculture, and nurture the Earth by healing our soil. We can grow beyond ourselves with the beauty we create, with every purposeful choice we make.



**WE** sustain  
beauty

DISCOVER  
MORE

Certified



Corporation

DAVINES.COM  
@DAVINESOCCIAL



# Sustainability Statement

## SCOPE OF THE STATEMENT

This Sustainability Statement covers the continued sustainability efforts and activities of Esthetics International Group Berhad and its subsidiaries and associate companies for the period from 1 April 2022 to 31 March 2023.

The information provided in this Statement is based on the Group’s ability to collect and present meaningful data and is streamlined to key policies, initiatives and activities of EIG.

## OUR SUSTAINABILITY APPROACH

The Board of Directors and the Group recognise Sustainability as an integral and intrinsic part of our business approach. As reflected in our tagline Bringing Out The Best in You, we seek to have a positive impact on and bring out the best in our stakeholders, including our customers, employees, shareholders, business partners, the environment and our community.

The Board of Directors is accountable for overseeing sustainability across the Group, supported by the Group Managing Director and CEO and Executive Committee who are responsible for driving and managing sustainability across the business, and reporting key sustainability matters to the Board.

As a Group, we continue to enhance our sustainability strategy and initiatives to have a positive environmental, social and community impact. Each of our divisions have various sustainability initiatives framed within the Group’s broader sustainability direction. As ongoing enhancements, we are working towards further refining our sustainability targets in an evolving business and external landscape, and inclusion of sustainability in performance assessments for the directors and senior management.

The Group is driven by the following sustainability strategies and goals, which is reflected in our tagline Bringing Out the Best in You:








|  |   |
|--|---|
| <b>Shareholders</b><br> | Create sustainable value and maximise returns for our shareholders  |
| <b>Customers</b><br>    | Provide consumers with safe and efficacious beauty and wellness products and services, which deliver results    |
| <b>Environment</b><br>  | Minimise the environmental impact of our business operations and promote a positive awareness amongst consumers |
| <b>Workplace</b><br>    | Create a positive working environment where team members can grow with us                                       |
| <b>Governance</b><br>   | To have integrity and build trust with our stakeholders   |
| <b>Community</b><br>    | Positive community impact, including by providing employment opportunities                                      |
| <b>Economy</b><br>      | To contribute to shared prosperity and advancement  |

# Sustainability

## Statement (Cont'd)

### STAKEHOLDER ENGAGEMENT

We recognise the importance of engaging with our stakeholders – those who are impacted by or have the potential to impact our business, for meaningful feedback as part of our sustainability assessment process and business strategies.

| Stakeholders   | Focus Areas   | Engagement Platforms  |
|--|---|---|
| <b>Investors &amp; shareholders</b><br> | <ul style="list-style-type: none"> <li>❖ Company performance</li> <li>❖ Profitability/growth</li> <li>❖ Company direction and strategy</li> <li>❖ Corporate governance</li> <li>❖ Sustainability</li> </ul>                                   | <ul style="list-style-type: none"> <li>❖ Annual and quarterly reports</li> <li>❖ Annual General Meetings</li> <li>❖ Bursa Malaysia announcements</li> <li>❖ Ad hoc one-on-one investor meetings</li> </ul>  |
| <b>Employees</b><br>                    | <ul style="list-style-type: none"> <li>❖ Career development</li> <li>❖ Job security</li> <li>❖ Remuneration and benefits</li> <li>❖ Equal opportunities</li> <li>❖ Training opportunities</li> <li>❖ Workplace health and safety</li> </ul>   | <ul style="list-style-type: none"> <li>❖ Training and education</li> <li>❖ Management communication sessions</li> <li>❖ Yoga, pilates and badminton clubs</li> <li>❖ Employee engagement events</li> <li>❖ Employee incentive programmes</li> <li>❖ Learning and development opportunities</li> <li>❖ Performance appraisal and feedback reviews</li> </ul> |
| <b>Customers</b><br>                  | <ul style="list-style-type: none"> <li>❖ Efficacy &amp; effectiveness</li> <li>❖ Product innovation</li> <li>❖ Product ingredients</li> <li>❖ Product/service safety</li> <li>❖ Customer service and experience</li> <li>❖ Pricing</li> </ul> | <ul style="list-style-type: none"> <li>❖ Customer feedback surveys</li> <li>❖ Customer visits/meetings</li> <li>❖ Customer loyalty programmes</li> <li>❖ Exhibitions/roadshows</li> <li>❖ Marketing campaigns</li> <li>❖ Digital and social media platforms</li> <li>❖ Brand websites</li> <li>❖ Virtual customer events</li> </ul>                         |
| <b>Suppliers</b><br>                  | <ul style="list-style-type: none"> <li>❖ Product quality and inventory/supply</li> <li>❖ Pricing</li> <li>❖ Ethical sourcing and production</li> <li>❖ Legal compliance</li> <li>❖ Customer service</li> </ul>                                | <ul style="list-style-type: none"> <li>❖ Supplier meetings</li> <li>❖ On-site facility visits and reviews</li> <li>❖ Supplier and quality evaluation</li> <li>❖ Contract negotiation</li> </ul>   |
| <b>Media</b><br>                      | <ul style="list-style-type: none"> <li>❖ Product awareness</li> <li>❖ Product information</li> <li>❖ Corporate news</li> </ul>  | <ul style="list-style-type: none"> <li>❖ Media events</li> <li>❖ Interviews/press releases</li> <li>❖ New product launches</li> <li>❖ Advertisements</li> </ul>   |
| <b>Government</b><br>                 | <ul style="list-style-type: none"> <li>❖ Regulatory compliance</li> </ul>   | <ul style="list-style-type: none"> <li>❖ Compliance with government legislative and regulatory body framework</li> </ul>  |
| <b>Communities</b><br>                | <ul style="list-style-type: none"> <li>❖ Community engagement</li> <li>❖ Social and environmental concerns</li> </ul>   | <ul style="list-style-type: none"> <li>❖ Corporate social responsibility activities</li> <li>❖ Partnerships with vocational colleges to provide education and employment opportunities for students</li> </ul>  |

# Sustainability Statement (Cont'd)

## MATERIALITY ASSESSMENT

Based on an internal review, the key EES issues of the Group were prioritised and determined in the context of the importance to stakeholders and importance to our business model as follows:

| Economic  | Environmental  | Social  |
|---|--|---|
| <ul style="list-style-type: none"> <li>Quality of our products and services</li> <li>Customer relationship management</li> <li>Corporate governance and ethics</li> </ul> | <ul style="list-style-type: none"> <li>Promoting environmental sustainability</li> <li>Reducing electricity consumption</li> <li>Waste management</li> </ul> | <ul style="list-style-type: none"> <li>Diversity and inclusion</li> <li>Training and development</li> <li>Community investment</li> </ul> |

We continue to review the materiality assessment, to ensure that the EES issues remain pertinent in a continually evolving business landscape.



## ECONOMIC SUSTAINABILITY

### Quality of Products and Services

We believe that building a sustainable business helps us to create value for stakeholders, create opportunities for employees and contribute to the communities in which we operate.

To build a sustainable business, the Group works closely with our suppliers through long term relationships to realise mutual growth and trust. We value business partners with an emphasis on safety, assurance of high quality products and who engage in ethical business practices.

For the international distribution brands distributed by the Group, such as Dermalogica professional skincare and Davines professional haircare, we source and are selective of the brands distributed by the Group, and choose to work with well-established leading international brands which are sold in many countries around the world with products which are safe and efficacious for our consumers. For example, Dermalogica is the leading professional skincare brand globally with 36 years of history while Davines is one of the leading professional hair care brands globally and leaders in sustainable beauty with more than 39 years' history.

# Sustainability

## Statement (Cont'd)

For our home brands, such as Clinelle, we have an established suppliers' qualification and selection criteria to ensure that we only work with reputable suppliers who are Good Manufacturing Practice (GMP) certified who can produce the innovative, safe and efficacious products that we aim to deliver to consumers.

In addition, our Clinelle and Nurish Organiq skin care products are all dermatologically tested and developed with our 7 No's to ensure that the products are free from harmful ingredients which would cause adverse reaction to the skin.

For our AsterSpring professional skin care salons, we recruit professionally certified skin care therapists with professional certifications including CIDESCO or CIBTAC in our markets such as Malaysia and Singapore, and focus on helping customers achieve their best skin health with non-invasive, safe and efficacious treatments and services. We also invest in ongoing education and training for our professional skin care therapists with the aim of continuously enhancing and improving our service quality and consistency. In our AsterSpring salons, we also use leading non-invasive skincare equipment from countries such as France, Germany and Korea to deliver safe and effective results.

We also ensure that all products sold and distributed by the Group comply with product notification and registration requirements with the relevant authorities/regulatory bodies in our markets.

As a Group, we have processes to track and ensure that any customer complaints regarding product quality are responded to or addressed with our suppliers/principals.

### Customers

The Group values feedback from customers and we have established customer feedback processes to ensure that all customer feedback or complaints are acknowledged and resolved promptly. We have also invested in digital solutions to better track customer feedback and the Internal Auditor had previously reviewed the Group's customer service and customer feedback systems.

We also take precautions to prevent and minimise occurrences of misappropriation of our customers' personal data. During the financial year, we did not have any such material incidences.

We also believe in the importance of consumers having easy access to education and product information so that they are recommended or can choose the right products for their needs. To this end, we place importance on ensuring that our strategic partners and own brands have clear and transparent product information and labelling, and in-line with regulatory requirements for the respective markets which we operate in. We also provide detailed and complete information on the ingredients in our products, as do the brands that we exclusively distribute such as Dermalogica.

In addition, we believe in investing in making product information available to customers through multiple channels, such as on our websites, digital marketing and printed materials, so that consumers can better understand and have confidence in selecting our products.

### Corporate Governance and Ethics

As stated in our Corporate Governance report, the Group regards good corporate governance and ethics as a fundamental aspect in how we do business. We promote good corporate ethics in staff and management communications, and integrity in our business activities. We have an established whistleblowing process in place where any incidents or concerns can be independently brought to the attention of the Board. In addition, we instil as part of our culture that the Group does not participate nor condone any form of corruption in our business and have a formal Anti-Bribery and Corruption Policy to guide employees and stakeholders on our stance for such matters. Further details are set out in the Corporate Governance report in this Annual Report.

### ENVIRONMENTAL SUSTAINABILITY

Together with our strategic partners, we have undertaken active efforts to minimize the negative impact on the environment throughout the entire production chain.

For example, with Davines professional haircare, we offer and promote products which have a Zero Impact policy (carbon neutral) where the carbon dioxide emissions generated by the production of the packaging for a number of the product lines are offset by the purchasing of carbon credits generated by the operations of forests' creation and protection in several countries globally. Davines is a certified B-Corp aligned to the Sustainable Development Goals defined in the UN Agenda

## Sustainability Statement (Cont'd)

2030, and an early pioneering leader in Sustainable Beauty and the use of sustainable and regenerative ingredients which help to minimise the impact on the environment and bio-diversity, in its products.

Similarly, Dermalogica is committed to positive sustainability goals and by 2025 is committed to goals such as: 1) 90% of the ingredients used being sustainably sourced, 2) 100% of tubes, bottles and boxes will be designed to be reused, recycled, and/or composted, 3) the majority of the plastic in the packaging will be derived from recycled or plant-based material. Dermalogica’s products are also recognised cruelty-free by PETA and certified vegan for almost all products, and all paper and cartons used by Dermalogica will be FSC certified to be sustainable for forests. Dermalogica has also received awards for its industry-leading innovations, such as the first mono-material pump for skincare products which allows for the entire packaging to be recycled as a single unit. We also encourage the business partners and independent salons that we work with to promote sustainability in their salons and to their customers.

We are also committed to positive sustainability commitments for our FMCG brands Clinelle & Nurish products, which are rooted in clean formulas with no artificial fragrances, no artificial colouring, no SD alcohol, no comedogenic ingredients, no mineral oils, no lanolin and no parabens. In the first quarter of 2023, we reached a key milestone in our sustainability journey with the launch of our revamped Clinelle Essential range which uses Post-Consumer Recycled Plastic materials (PCR) tubes & Forest Stewardship Certified (FSC) paper cartons. We are also proud to be one of the few local FMCG brands that are committed to reducing the use of virgin plastics and our carbon foot print. We will continue to innovate to increase our positive impact on the environment and social. By 2026, we aim to be a climate positive, land positive and people positive brand.

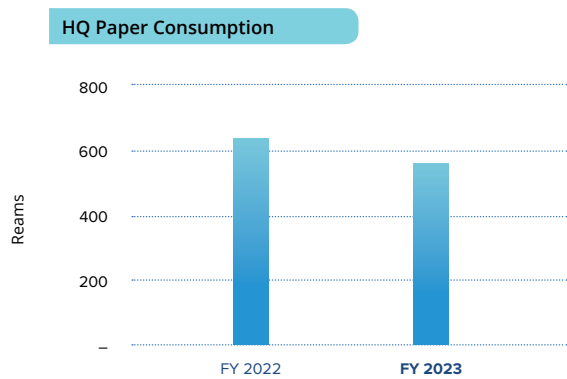
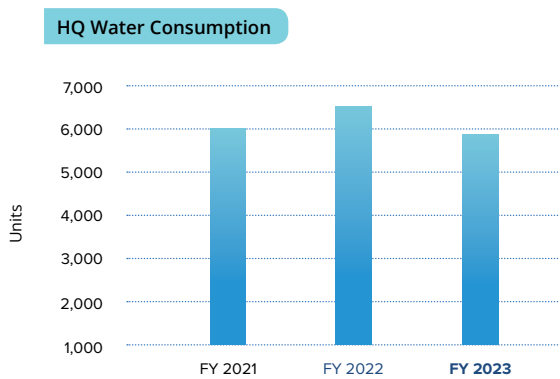
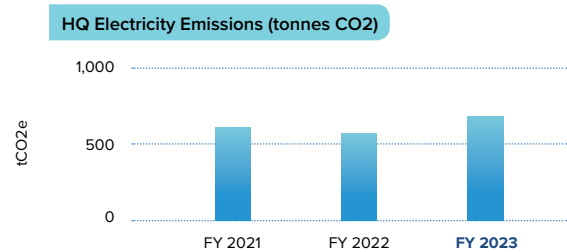
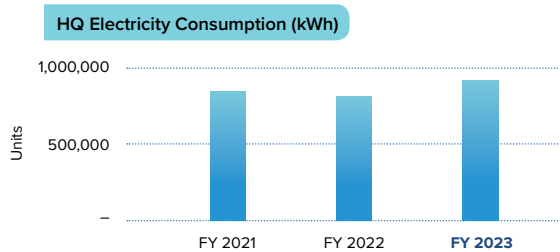
During the year, we also continued to our “Be the Ocean Keeper” campaign in conjunction with Davines Asia to raise awareness of the issue of plastic pollution in the oceans and the need to preserve the largest ecosystem on the earth. Our call to action is to encourage more people to join us in recycling empty bottles and reduce wherever possible, and make wiser choices when purchasing anything with plastic packaging.

We also continue to invest in digitalising different facets of our operations to reduce paper usage and improve efficiency across our different business units, and have implemented various initiatives to optimise our electricity and water consumption including installation of LED lights, installation of capacitors to improve air-conditioning efficiency and optimisation of lighting for common areas. At the same time, initiatives to recycle and/or reuse paper are already in progress, such as recycling of cardboard cartons and wooden pallets used for transporting products. Other material such as fixtures and furnishings are also recycled or reused where possible to reduce waste.



# Sustainability Statement (Cont'd)

For FY2023, our electricity and water consumption generally increased despite the mitigating actions taken due to the resumption of all business activities as normal in the current year, as opposed to the impact of the MCOs and COVID-19 related restrictions in FY2021 and FY2022.



## SOCIAL SUSTAINABILITY

### Diversity

At EIG, we recognise and value the unique combination of talents, experiences and skills of each employee in driving our business success. We aim to promote an inclusive workforce with employees from diverse backgrounds with the skills and experience needed to bring us towards our vision and mission of being a leading beauty and wellness company in ASEAN and Hong Kong.

We focus on fairly recruiting, remunerating and promoting people based on merit, capability and experience and provide opportunities to our employees regardless of their age, gender, identity, ethnicity, race or religion.

Employee performance is reviewed through a formal performance appraisal process based on work performance and achievement of agreed key performance indicators (KPIs) and goals. Employee remuneration is determined in the context of industry benchmarks and employees are entitled to benefits and other emoluments as stipulated by law.

## Sustainability Statement (Cont'd)

Based on our industry nature in the beauty and wellness segment, we welcome passionate talents regardless of gender and are pleased to a positive employer of women with over 88% of our team as women. We also focus on recruiting locally in each of our countries and do not employ or import any migrant labour in our business.

| Gender Diversity | 2022  |    | 2023  |    |
|------------------|-------|----|-------|----|
|                  | Total | %  | Total | %  |
| Female           | 548   | 88 | 600   | 88 |
| Male             | 75    | 12 | 82    | 12 |

| Ethnicity Diversity | 2022  |     | 2023  |     |
|---------------------|-------|-----|-------|-----|
|                     | Total | %   | Total | %   |
| Chinese             | 442   | 71% | 478   | 70% |
| Malay               | 64    | 10% | 85    | 12% |
| Indian              | 4     | 1%  | 5     | 1%  |
| Indonesian          | 44    | 7%  | 47    | 7%  |
| Siam                | 62    | 10% | 62    | 9%  |
| Others              | 7     | 1%  | 5     | 1%  |

| Age Group | 2022  |     | 2023  |     |
|-----------|-------|-----|-------|-----|
|           | Total | %   | Total | %   |
| Below 30  | 182   | 29% | 218   | 32% |
| 30-39     | 210   | 34% | 218   | 32% |
| 40-49     | 153   | 24% | 144   | 21% |
| Above 50  | 78    | 13% | 102   | 15% |

### Talent Development

To promote and develop our human capital, the Group regularly organises various training and education sessions and workshops, including international trainers and speakers from countries such as USA, Australia and Italy to upgrade and enhance the skills and knowledge of our employees.

In addition, we invest in providing our technical teams with ongoing relevant training and skills development to ensure that they are able to provide a consistent level of customer service while also upgrading their knowledge base in-line with trends in the industry.

The Group is also dedicated to creating a positive workplace to enable our staff to achieve their best in work performance by providing the following benefits:

- Medical benefits, hospitalization and surgical and personal accident insurance coverage; and
- Employee engagement events and festive gatherings to cultivate good bonding amongst employees.

The Group also works with leading vocational colleges and institutions as an official industry partner to provide training, certification and employment opportunities for students from various socio-economic backgrounds so that they can develop a career and generate income in the beauty and wellness industry.

The Group is also committed to support and promoting corporate social responsibility through various formal and organic CSR programmes.

*This Statement is made in accordance with a resolution of the Board of Directors dated 31 May 2023.*

# Report Of The Audit And Risk Committee for the Financial Year Ended 31 March 2023

The Board of Directors of Esthetics International Group Berhad (“EIG”) is pleased to present the Audit and Risk Committee Report for the financial year ended 31 March 2023. This Audit and Risk Committee Report is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the Malaysian Code of Corporate Governance (“Code”).

## MEMBERS

- Boh Boon Chieng (Chairman), Senior Independent Non-Executive Director (appointed on 2 June 2023)
- Dato’ Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan, Independent Non-Executive Director
- Corina Loi Wei Sin, Independent Non-Executive Director
- Rosie Hong May Kwee, Independent Non-Executive Director
- Dato’ Christopher Chan Choun Sien (resigned on 2 June 2023)

## TERMS OF REFERENCE

### Objectives

The principal objectives of the Audit and Risk Committee are to assist the Board of Directors in discharging its statutory duties and responsibilities relating to the risk management and internal controls, accounting and reporting practices of the Group.

### Composition

The Audit and Risk Committee shall be appointed by the Board from amongst their numbers and shall:

- consist of no less than three (3) members;
- consist exclusively of Non-Executive Directors with a majority being Independent Directors; and
- have at least one (1) member who is a member of the Malaysian Institute of Accountants or who fulfils such other requirements as prescribed in the Listing Requirements.

The members of the Audit and Risk Committee shall elect a Chairman from amongst themselves who shall be an Independent Director. In the event of vacancy in the Audit and Risk Committee resulting in the non-compliance with the above, the Board shall fill the vacancy within three (3) months.

A former key audit partner as defined under the Malaysian Code on Corporate Governance shall observe a cooling off period of at least three years before he or she may be considered to be appointed as a member of the Audit and Risk Committee.

The terms of office and performance of the Audit and Risk Committee and its members shall be reviewed by the Board no less than every three (3) years. The terms of office and performance of the Audit and Risk Committee and its members have last been reviewed and renewed by the Board on 30 May 2022.

# Report Of The Audit And Risk Committee for the Financial Year Ended 31 March 2023 (Cont'd)

## Responsibilities and Duties

The Audit and Risk Committee shall discharge the following functions:

- to review, with the External Auditors, the audit plan, audit report and the assistance given by the Company's officers to the Auditors;
- to review, with the External Auditors, the adequacy of the internal control systems;
- to assess the risks and control environment;
- to review the quarterly reports and annual financial statements prior to submission to the Board, focusing particularly on:
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit; and
  - compliance with accounting standards and other legal and statutory requirements;
- to discuss any issues and reservations arising from the interim and final audits, and any matter the Auditor may wish to discuss (in the absence of the Management where necessary);
- to review the External Auditors' management letter and the Management's response;
- to do the following, in relation to the Internal Audit function:
  - review the adequacy of the scope, functions, competency and resources of the Internal Audit function and the system of internal controls within the Group and that it has the necessary authority to carry out its work;
  - review the Internal Audit planning memorandum, processes, investigations and results of the Internal Audit processes, and where necessary ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
  - review any appraisal or assessment of the performance of the Internal Audit function;
  - approve any appointment or dismissal of Internal Auditors; and
  - take cognisance of resignations of Internal Auditors and provide the Internal Auditors an opportunity to submit reasons for resigning;
- to review the resignation, dismissal, appointment or reappointment of Internal Auditors and External Auditors of the Group and to consider the nomination of Auditors and the related fees;
- to review any related party transactions and conflict of interest that may arise within the Company or Group;
- to consider other topics as defined by the Board from time to time.

## Authority

The Audit and Risk Committee shall:

- have authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group;
- have direct communication channels with the External Auditors and the Internal Auditors;
- have the right to obtain independent professional or other advice at the Company's expense;
- have the right to convene meetings with the External Auditors and/or Internal Auditors or both, excluding the attendance of the other Directors and the Management, whenever deemed necessary; and
- promptly report to Bursa Malaysia matters which have not been satisfactorily resolved by the Board resulting in a breach of the Listing Requirements.

## Meetings

The Audit and Risk Committee shall meet at least once every quarter and such additional meetings as decided by the Chairman of the Audit and Risk Committee. The Company Secretary or any person appointed by the Audit and Risk Committee shall act as the Secretary of the Audit and Risk Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other explanatory documentation for circulation to members of the Audit and Risk Committee prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the Audit and Risk Committee, and circulating them to the Audit and Risk Committee members and other Board members. The Audit and Risk Committee shall meet with the External Auditors to consider any matter that the Auditors believe should be brought to the attention of the Directors or shareholders. The attendance of other Directors and the Management at the Audit and Risk Committee meeting shall be at the Audit and Risk Committee's invitation, specific to the relevant meeting.

A quorum shall consist of a majority of members present who must be Independent Directors.

# Report Of The Audit And Risk Committee for the Financial Year Ended 31 March 2023 (Cont'd)

## SUMMARY OF ACTIVITIES

During the year, the Audit and Risk Committee carried out the following activities:-

### Financial Reporting

- Reviewed the unaudited quarterly and annual audited financial statements of the Group before recommending them for approval by the Board of Directors with particular focus on the main factors contributing to the financial performance of the Group in terms of revenue and operating expenses.
- Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as the accounting treatments used in the financial statements.
- Reviewed the annual audited financial statements of the Group and discussed with Management and the external auditors prior to submission to the Board of Directors for their approval.
- Reviewed the Audit and Risk Committee Report and Statement of Risk Management and Internal Control for inclusion in the Annual Report.

### Internal Audit

- Reviewed the annual Internal Audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group and ensure that key risk areas are audited.
- Reviewed the effectiveness of the audit process and assessed the performance of the Internal Audit Function.
- Reviewed the internal audit reports which were tabled during the year, the audit recommendations made and Management's response to these recommendations.
- Monitored the corrective actions taken on the outstanding audit issues to ensure that all the key risks and control lapses have been addressed.

### External Audit

- Reviewed with the external auditors on their audit plan, audit strategy and scope of work for the year.
- Reviewed the results of external auditors' annual audit and audit report together with Management's response to their findings.
- Assessed the independence and objectivity of the external auditors during the year and prior to the appointment of the external auditors for ad-hoc non-audit services.
- Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

### Risk Management

- Reviewed the adequacy and effectiveness of the risk management framework of the Group.
- Reviewed the risk profile of the Group and the action plan by the Management to mitigate risk.

## INTERNAL AUDIT FUNCTION

The Internal Audit function reports independently to the Audit and Risk Committee and its role is to examine and provide reasonable assurance to the members of the Audit and Risk Committee regarding the adequacy and effectiveness of the internal control systems, risk management framework and governance systems of the Group. The role, authority and terms of reference of the Internal Audit function is set out in the Group's Internal Audit Charter.

The Internal Audit function of the Group has been outsourced to an independent professional firm with suitable experience and capabilities, who reports directly to the Committee. The Audit and Risk Committee is of the opinion that the Internal Audit function is appropriate to its size and the nature and scope of its activities. The Internal Audit is performed using a risk-based approach and is guided by, in all material respect, the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors ("IIA"). Besides the internal controls systems, the relevant organisational governance and risk management capability were also assessed and embedded into the respective audit focus areas. The internal audit assessment has included relevant root-cause analysis results (where applicable), and it has been incorporated in the respective internal audit findings.

## Report Of The Audit And Risk Committee for the Financial Year Ended 31 March 2023 (Cont'd)

The Engagement Director of the third party Internal Auditors possesses the qualification of Certified Internal Auditors (“CIA”), which is the globally recognised professional certification for the internal audit and risk professionals. The staff involved in the internal audit possess professional qualification and/or a university degree. The Internal Auditors prepare their audit plan based on the risk assessment and evaluation framework of the Group. The Internal Audit plan is reviewed and approved by the Audit and Risk Committee.

During the financial year ended 31 March 2023, the activities of the Internal Audit function included the following:

- conducted scheduled Internal Audit assignments focusing on effectiveness of risk management, internal controls and corporate governance and recommended improvements where necessary;
- conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports;
- presented audit findings including recommendations to the Audit and Risk Committee for consideration; and
- the areas reviewed by the internal auditors during the year include internal control review of sustainability management, revenue and credit control function (Malaysia), supply chain management - warehousing and logistics (Indonesia) and strategic human resource plan on talent management, retention and succession planning.

The total cost incurred in managing the Internal Audit function for the financial year under review was RM52,000.

### MEETINGS AND ATTENDANCE

The Audit and Risk Committee held four meetings during the financial year ended 31 March 2023 and details of the attendance of the Audit and Risk Committee members are as follows:

| Name of Members                                   | Total Meetings Attended |
|---|-------------------------|
| Boh Boon Chiang *                                 | n/a                     |
| Dato’ Christopher Chan Choun Sien ^               | 4/4                     |
| Dato’ Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan | 4/4                     |
| Corina Loi Wei Sin                                | 4/4                     |
| Rosie Hong May Kwee                               | 4/4                     |

\* Appointed on 2 June 2023

^ Resigned on 2 June 2023

The Company Secretary as Secretary to the Audit and Risk Committee was present by invitation together with representatives of the External Auditors, Internal Auditors and certain members of the Management. Out of the four meetings held, the Audit and Risk Committee held two (2) meetings with the External Auditors.

This Statement is made in accordance with a resolution of the Board of Directors dated 31 May 2023.

# TISSERAND®

AROMATHERAPY

## 100% natural pure essential oils



Award winning products



Experts in blending since 1974

tisserandmsia

Tisserand Malaysia

www.tisserand-my.com

For business enquiries, please call our customer service hotline at 03-7809 6622.



## Statement Of Directors'

### Responsibilities in respect of the Audited Financial Statements for the Financial Year Ended 31 March 2023

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with applicable Financial Reporting Standards, the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure the financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2023, and of the financial performance and cash flows for the financial year then ended.

In preparing the annual audited financial statements, the Directors have:

- Considered the applicable approved accounting standards in Malaysia;
- Adopted and consistently applied appropriate accounting policies;
- Made judgments and estimates that are prudent and reasonable; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure the Group keep accounting records which disclose with reasonable accuracy the financial position of the Group. The Directors are also responsible for the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 31 May 2023.





Improves  
the body's  
ability to fight  
free radicals

Boosts digestive  
health, immune  
system and  
overall wellness

# Your Natural Health Booster

126 plant-based ingredients in every shot

 [bioxil\\_innertreats](https://www.instagram.com/bioxil_innertreats)

 [Bioxil Innertreats](https://www.facebook.com/BioxilInnertreats)

 [www.bioxil.com](http://www.bioxil.com)

For business enquiries, please call our customer service hotline at 03-7809 6622.



# Directors' Report

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### Directors' report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

### Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### Results

|                                      | Group<br>RM'000 | Company<br>RM'000 |
|--------------------------------------|-----------------|-------------------|
| (Loss)/Profit for the financial year | <u>(5,676)</u>  | <u>1,988</u>      |
| Attributable to:                     |                 |                   |
| Owners of the Company                | <u>(5,676)</u>  | <u>1,988</u>      |

### Reserves or provisions

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

### Dividends

Dividends paid, declared and proposed by the Company since the end of the previous financial year were:

- (i) final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 March 2022 as reported in the directors' report of that year, amounting to RM1.186 million was paid on 18 November 2022.

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.5 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.

# Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Cont'd)

## Directors

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

|   |                            |
|---|----------------------------|
| Chieng Ing Huong ^                                |                            |
| Roderick Chieng Ngee Kai ^                        |                            |
| Brian Chieng Ngee Wen ^                           |                            |
| Janet Chieng Ling Min ^                           |                            |
| Dato' Dr. Noor Zalmy Azizan binti Mohd Ali Azizan |                            |
| Hong May Kwee                                     |                            |
| Loi Wei Sin                                       |                            |
| Dato' Chan Choun Sien                             | (Resigned on 2 June 2023)  |
| Boh Boon Chiang                                   | (Appointed on 2 June 2023) |

^ Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Julianus Juta  
Jonalyn P. Barrola  
Kristal Jade G. Abarcar  
Joanne See Gwee May  
Maria Angelica Rosaro  
Hairol Addy Nizam Bin Hashim  
Dhitibhum Wongkiatkachorn

## Directors' interests

The direct and indirect interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were directors at the financial year end as recorded in the Register of Directors' Shareholdings are as follows:

|                                     | Number of ordinary shares |        |      | At<br>31.3.2023 |
|-------------------------------------|---------------------------|--------|------|-----------------|
|                                     | At<br>1.4.2022            | Bought | Sold |                 |
| <b>Ultimate holding company</b>     |                           |        |      |                 |
| <b>Providence Capital Sdn. Bhd.</b> |                           |        |      |                 |
| <b>Direct interests:</b>            |                           |        |      |                 |
| Roderick Chieng Ngee Kai            | 1,250,000                 | -      | -    | 1,250,000       |
| Brian Chieng Ngee Wen               | 1,250,000                 | -      | -    | 1,250,000       |
| <b>The Company</b>                  |                           |        |      |                 |
| <b>Direct interests:</b>            |                           |        |      |                 |
| Roderick Chieng Ngee Kai            | 2,700,000                 | -      | -    | 2,700,000       |
| Janet Chieng Ling Min               | 320,000                   | -      | -    | 320,000         |
| Dato' Chan Choun Sien               | 24,800                    | -      | -    | 24,800          |
| <b>Indirect interests:</b>          |                           |        |      |                 |
| Chieng Ing Huong *                  | 161,476,352               | 27,000 | -    | 161,503,352     |
| Roderick Chieng Ngee Kai **         | 161,476,352               | 27,000 | -    | 161,503,352     |
| Janet Chieng Ling Min ***           | 161,476,352               | 27,000 | -    | 161,503,352     |
| Brian Chieng Ngee Wen ****          | 163,673,952               | 27,000 | -    | 163,700,952     |

## Directors' Report

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Cont'd)

#### Directors' interests (continued)

- \* Indirect interest by virtue of his sons through their shareholdings in Providence Capital Sdn. Bhd. pursuant to Section 8(4)(a) of the Companies Act 2016 in Malaysia.
- \*\* Indirect interest by virtue of his interest in Providence Capital Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016 in Malaysia.
- \*\*\* Indirect interest pursuant to Section 8(4)(a) of the Companies Act 2016 in Malaysia by virtue of her capacity as a director of Providence Capital Sdn. Bhd.
- \*\*\*\* Indirect interest by virtue of his interest in Providence Capital Sdn. Bhd. and Cornerstone Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016 in Malaysia.

By virtue of their interests in the ordinary shares of the Company, Chieng Ing Huong, Roderick Chieng Ngee Kai, Janet Chieng Ling Min and Brian Chieng Ngee Wen are also deemed interested in the ordinary shares of the subsidiaries during the financial year to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

#### Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 20 and Note 26 to the financial statements.

The directors' benefits of the Group and of the Company are as follows:

|  | <b>Group<br/>2023<br/>RM'000</b> | <b>Company<br/>2023<br/>RM'000</b> |
|--|----------------------------------|------------------------------------|
| <b>Directors of the Company</b>                |                                  |                                    |
| - Fees   | 201                              | 201                                |
| - Other emoluments                             | 1,560                            | 20                                 |
| - Contribution to defined contribution plan    | 183                              | -                                  |
| - Estimated monetary value of benefits-in-kind | 164                              | 56                                 |
|  | <u>2,108</u>                     | <u>277</u>                         |

There were no arrangements during and at the end of the financial year which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### Indemnity to directors and officers

During the financial year, there were no indemnity given to or insurance effected for any director or officer of the Company.

#### Issue of shares and debentures

During the financial year, there were no issuance of shares or debentures by the Company.

# Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Cont'd)

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Other statutory information

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; and
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

# Directors' Report

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Cont'd)

### Other statutory information (continued)

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report was made.

### Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

### Holding company

The directors regard Providence Capital Sdn. Bhd., a private limited company incorporated in Malaysia, as the holding company of the Company.

### Significant events during the financial year and significant events subsequent to the end of the financial year

The details of significant events during the financial year and significant events subsequent to the end of the financial year are disclosed in Note 29 to the financial statements.

### Auditors' remuneration

The auditors' remuneration of the Group and the Company during the financial year are RM340,000 and RM32,000 respectively.

### Indemnity to auditors

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

# Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Cont'd)

## Auditors

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....  
**Roderick Chieng Ngee Kai**

.....  
**Brian Chieng Ngee Wen**

Shah Alam

Date: 5 July 2023

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Roderick Chieng Ngee Kai and Brian Chieng Ngee Wen, being two of the directors of Esthetics International Group Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 65 to 143 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....  
**Roderick Chieng Ngee Kai**

.....  
**Brian Chieng Ngee Wen**

Shah Alam

Date: 5 July 2023

# STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Roderick Chieng Ngee Kai, being the director primarily responsible for the financial management of Esthetics International Group Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements as set out on pages 65 to 143 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....  
**Roderick Chieng Ngee Kai**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 5 July 2023.

Before me,

.....  
Commissioner for Oaths  
Hadinur Mohd Syarif (W761)

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESTHETICS INTERNATIONAL GROUP BERHAD

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Esthetics International Group Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESTHETICS INTERNATIONAL GROUP BERHAD (Cont'd)

### Key Audit Matters

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

### Group

---

#### Inventories (Note 2(a)(i) and 11 to the financial statements)

---

The Group's inventories are measured at the lower of cost or net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

#### Our response:

Our audit procedures included, among others:

- reviewing the adequacy of write down/off of slow-moving inventories;
- attending year end physical inventory count on selected locations to observe physical existence and condition of the finished goods and reviewing the design and assessing the implementation of controls during the count;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable values on selected samples of inventory items; and
- evaluating whether the inventories have been written down to their net realisable values for inventory items with net realisable values lower than their costs.

### Company

---

#### Investment in subsidiaries and Intercompany balances (Note 2(a)(ii), 7 and 9 to the financial statements)

---

The Company has assessed whether there is any indication that the cost of investment in subsidiaries and the amount due from subsidiaries are impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use involves exercise of significant judgement on the discount rate applied and the assumptions supporting the underlying cash flows projection which include future sales, gross profit margin and operating expenses.

#### Our response:

Our audit procedures included, among others:

- comparing the actual results with previous projections to assess the performance of the business and historical accuracy of the projections;
- reviewing the profit projections by assessing the key assumptions such as growth rates and profit margins; and
- testing the mathematical accuracy of the profit projections calculation.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESTHETICS INTERNATIONAL GROUP BERHAD (Cont'd)

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

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESTHETICS INTERNATIONAL GROUP BERHAD (Cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESTHETICS INTERNATIONAL GROUP BERHAD (Cont'd)

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

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

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

Ng Boon Hiang  
No. 02916/03/2024 J  
Chartered Accountant

Kuala Lumpur

Date: 5 July 2023

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2023

|                                       | Note | Group          |                | Company        |                |
|---------------------------------------|------|----------------|----------------|----------------|----------------|
|                                       |      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Assets</b>                         |      |                |                |                |                |
| Property, plant and equipment         | 3    | 28,128         | 28,681         | -              | -              |
| Right-of-use assets                   | 4    | 85,343         | 84,705         | -              | -              |
| Intangible assets                     | 5    | 1,618          | 1,660          | -              | -              |
| Investment properties                 | 6    | 2,828          | 2,828          | -              | -              |
| Investments in subsidiaries           | 7    | -              | -              | 94,541         | 94,541         |
| Investments in associates             | 8    | -              | -              | -              | -              |
| Receivables                           | 9(a) | 33,909         | 29,164         | 25,778         | 21,948         |
| Deferred tax assets                   | 10   | 5,351          | 6,731          | -              | -              |
| <b>Total non-current assets</b>       |      | <u>157,177</u> | <u>153,769</u> | <u>120,319</u> | <u>116,489</u> |
| Inventories                           | 11   | 42,492         | 35,033         | -              | -              |
| Receivables, deposits and prepayments | 9(b) | 22,669         | 18,766         | 10,283         | 944            |
| Tax recoverable                       |      | 934            | 2,245          | -              | 17             |
| Short term cash investments           | 12   | 14,095         | 26,989         | 14,095         | 25,774         |
| Cash and bank balances                |      | <u>29,062</u>  | <u>27,322</u>  | <u>307</u>     | <u>921</u>     |
| <b>Total current assets</b>           |      | <u>109,252</u> | <u>110,355</u> | <u>24,685</u>  | <u>27,656</u>  |
| <b>Total assets</b>                   |      | <u>266,429</u> | <u>264,124</u> | <u>145,004</u> | <u>144,145</u> |

## STATEMENTS OF FINANCIAL POSITION

### AS AT 31 MARCH 2023 (Cont'd)

|                                      | Note | Group          |                | Company        |                |
|--------------------------------------|------|----------------|----------------|----------------|----------------|
|                                      |      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Equity</b>                        |      |                |                |                |                |
| Share capital                        | 13   | 128,768        | 128,768        | 128,768        | 128,768        |
| Reserves                             | 14   | 3,488          | 1,161          | -              | -              |
| Retained earnings                    | 14   | 29,433         | 36,295         | 11,648         | 10,846         |
| <b>Total equity</b>                  |      | <u>161,689</u> | <u>166,224</u> | <u>140,416</u> | <u>139,614</u> |
| <b>Liabilities</b>                   |      |                |                |                |                |
| Borrowings                           | 15   | 15,407         | 15,274         | -              | -              |
| Lease liabilities                    | 16   | 9,714          | 9,368          | -              | -              |
| Deferred tax liabilities             | 10   | 10             | 9              | -              | -              |
| Contract liabilities                 | 17   | 2,792          | 991            | -              | -              |
| <b>Total non-current liabilities</b> |      | <u>27,923</u>  | <u>25,642</u>  | <u>-</u>       | <u>-</u>       |
| Borrowings                           | 15   | 4,242          | 4,566          | -              | -              |
| Lease liabilities                    | 16   | 14,815         | 16,812         | -              | -              |
| Tax payable                          |      | 261            | 467            | 13             | -              |
| Payables and accruals                | 18   | 26,004         | 25,615         | 4,575          | 4,531          |
| Contract liabilities                 | 17   | 31,495         | 24,798         | -              | -              |
| <b>Total current liabilities</b>     |      | <u>76,817</u>  | <u>72,258</u>  | <u>4,588</u>   | <u>4,531</u>   |
| <b>Total liabilities</b>             |      | <u>104,740</u> | <u>97,900</u>  | <u>4,588</u>   | <u>4,531</u>   |
| <b>Total equity and liabilities</b>  |      | <u>266,429</u> | <u>264,124</u> | <u>145,004</u> | <u>144,145</u> |

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Revenue   | 19   | 165,104        | 124,592        | 520            | 510            |
| Cost of sales/services  |      | (83,613)       | (62,034)       | -              | -              |
| <b>Gross profit</b>   |      | 81,491         | 62,558         | 520            | 510            |
| Other income  |      | 2,068          | 6,520          | -              | -              |
| Distribution expenses   |      | (24,696)       | (21,584)       | -              | -              |
| Administrative expenses   |      | (53,781)       | (48,856)       | (542)          | (457)          |
| Reversal of impairment losses of<br>financial assets                      |      | 7              | 3              | -              | -              |
| Other expenses  |      | (7,715)        | (5,843)        | -              | -              |
| <b>Results from operating<br/>activities</b>                              |      | (2,626)        | (7,202)        | (22)           | 53             |
| Finance income  |      | 2,222          | 2,232          | 2,071          | 1,798          |
| Finance costs   |      | (1,190)        | (1,402)        | -              | -              |
| <b>Operating (loss)/profit</b>  | 20   | (1,594)        | (6,372)        | 2,049          | 1,851          |
| Share of results of<br>equity accounted associates,<br>net of tax         |      | -              | -              | -              | -              |
| <b>(Loss)/Profit before tax</b>   |      | (1,594)        | (6,372)        | 2,049          | 1,851          |
| Tax (expense)/credit  | 21   | (4,082)        | 243            | (61)           | (8)            |
| <b>(Loss)/Profit for the financial<br/>year</b>                           |      | (5,676)        | (6,129)        | 1,988          | 1,843          |
| <b>Other comprehensive<br/>income, net of tax</b>                         |      |                |                |                |                |
| <i>Items that may be reclassified<br/>subsequently to profit or loss:</i> |      |                |                |                |                |
| - Exchange differences on<br>translation of foreign operations            |      | 2,327          | 617            | -              | -              |
| <b>Total comprehensive (loss)/<br/>income for the financial<br/>year</b>  |      | (3,349)        | (5,512)        | 1,988          | 1,843          |

## STATEMENTS OF COMPREHENSIVE INCOME

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Cont'd)

|  | Note | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
|--|------|----------------|----------------|----------------|----------------|
| <b>(Loss)/Profit for the financial year attributable to:</b>               |      |                |                |                |                |
| Owners of the Company  |      | <u>(5,676)</u> | <u>(6,129)</u> | <u>1,988</u>   | <u>1,843</u>   |
| <b>Total comprehensive (loss)/income attributable to:</b>                  |      |                |                |                |                |
| Owners of the Company  |      | <u>(3,349)</u> | <u>(5,512)</u> | <u>1,988</u>   | <u>1,843</u>   |
| <b>Loss per ordinary share attributable to owners of the Company (sen)</b> |      |                |                |                |                |
| - Basic  | 22   | (2.39)         | (2.58)         |                |                |
| - Diluted  | 22   | <u>(2.39)</u>  | <u>(2.58)</u>  |                |                |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| Group   | Note | ← Attributable to owners of the Company → |                               |                             |                        |
|---|------|---|-------------------------------|-----------------------------|------------------------|
|   |      | Share Capital<br>RM'000                   | Translation Reserve<br>RM'000 | Retained Earnings<br>RM'000 | Total Equity<br>RM'000 |
| <b>At 1 April 2021</b>  |      | 128,768                                   | 544                           | 44,796                      | 174,108                |
| Loss for the financial year                                     |      | -   | -                             | (6,129)                     | (6,129)                |
| Other comprehensive income, net of tax                          |      |   |                               |                             |                        |
| - Exchange differences on translation of foreign operations     |      | -   | 617                           | -                           | 617                    |
| <b>Total comprehensive income/(loss) for the financial year</b> |      | -   | 617                           | (6,129)                     | (5,512)                |
| <b>Transaction with owners</b>                                  |      |   |                               |                             |                        |
| Dividends paid  | 23   | -   | -                             | (2,372)                     | (2,372)                |
| <b>Total transaction with owners</b>                            |      | -   | -                             | (2,372)                     | (2,372)                |
| <b>At 31 March 2022</b>   |      | <u>128,768</u>                            | <u>1,161</u>                  | <u>36,295</u>               | <u>166,224</u>         |
| <b>At 1 April 2022</b>  |      | 128,768                                   | 1,161                         | 36,295                      | 166,224                |
| Loss for the financial year                                     |      | -   | -                             | (5,676)                     | (5,676)                |
| Other comprehensive income, net of tax                          |      |   |                               |                             |                        |
| - Exchange differences on translation of foreign operations     |      | -   | 2,327                         | -                           | 2,327                  |
| <b>Total comprehensive income/(loss) for the financial year</b> |      | -   | 2,327                         | (5,676)                     | (3,349)                |
| <b>Transaction with owners</b>                                  |      |   |                               |                             |                        |
| Dividends paid  | 23   | -   | -                             | (1,186)                     | (1,186)                |
| <b>Total transaction with owners</b>                            |      | -   | -                             | (1,186)                     | (1,186)                |
| <b>At 31 March 2023</b>   |      | <u>128,768</u>                            | <u>3,488</u>                  | <u>29,433</u>               | <u>161,689</u>         |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| Company   | Note | ← Attributable to owners of the Company → |                                |                           |
|---|------|---|--------------------------------|---------------------------|
|   |      | Share<br>Capital<br>RM'000                | Retained<br>Earnings<br>RM'000 | Total<br>Equity<br>RM'000 |
| <b>At 1 April 2021</b>  |      | 128,768                                   | 11,375                         | 140,143                   |
| Profit for the financial year, representing total comprehensive income for the financial year |      | -   | 1,843                          | 1,843                     |
| <b>Transaction with owners</b>  |      |   |                                |                           |
| Dividends paid  | 23   | -   | (2,372)                        | (2,372)                   |
| <b>At 31 March 2022</b>   |      | 128,768                                   | 10,846                         | 139,614                   |
| Profit for the financial year, representing total comprehensive income for the financial year |      | -   | 1,988                          | 1,988                     |
| <b>Transaction with owners</b>  |      |   |                                |                           |
| Dividends paid  | 23   | -   | (1,186)                        | (1,186)                   |
| <b>At 31 March 2023</b>   |      | 128,768                                   | 11,648                         | 140,416                   |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Cash flows from operating activities</b>   |                |                |                |                |
| (Loss)/Profit before tax  | (1,594)        | (6,372)        | 2,049          | 1,851          |
| Adjustments for:  |                |                |                |                |
| Amortisation of development costs   | 146            | 106            | -              | -              |
| Bad debts written off   | 2              | 4              | -              | -              |
| Reversal of impairment loss on receivables  | (7)            | (3)            | -              | -              |
| COVID-19 related rent concession income   | (41)           | (3,789)        | -              | -              |
| Depreciation of property, plant and equipment                                       | 2,807          | 2,994          | -              | -              |
| Depreciation of right-of-use assets   | 18,893         | 19,269         | -              | -              |
| Effect of lease modification  | -              | (2)            | -              | -              |
| Inventories written off   | 2,702          | 2,321          | -              | -              |
| Property, plant and equipment written off   | 1              | -              | -              | -              |
| Dividend income   | -              | -              | (520)          | (510)          |
| Gain on disposal of property, plant and equipment                                   | (21)           | (43)           | -              | -              |
| Income from short term cash investments   | (411)          | (669)          | (410)          | (647)          |
| Interest income   | (1,811)        | (1,563)        | (1,661)        | (1,151)        |
| Interest expense  | 1,190          | 1,402          | -              | -              |
| Unrealised gain on foreign exchange   | (635)          | (368)          | -              | -              |
| <b>Operating profit/(loss) before working capital changes, balance carried down</b> | <b>21,221</b>  | <b>13,287</b>  | <b>(542)</b>   | <b>(457)</b>   |

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Cont'd)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Cash flows from operating activities</b> (continued)     |                |                |                |                |
| Balance brought down  | 21,221         | 13,287         | (542)          | (457)          |
| Changes in working capital                                  |                |                |                |                |
| Inventories   | (10,161)       | (3,534)        | -              | -              |
| Receivables   | (5,675)        | (2,932)        | -              | -              |
| Payables  | 388            | 7,562          | 44             | (7)            |
| Contract liabilities  | 8,498          | 651            | -              | -              |
| <b>Cash generated from/(used in) operations</b>             | 14,271         | 15,034         | (498)          | (464)          |
| Tax paid  | (2,218)        | (1,753)        | (38)           | (12)           |
| Tax refunded  | 613            | 155            | 7              | -              |
| <b>Net cash from/(used in) operating activities</b>         | 12,666         | 13,436         | (529)          | (476)          |
| <b>Cash flows from investing activities</b>                 |                |                |                |                |
| Acquisition of property, plant and equipment                | (2,170)        | (1,178)        | -              | -              |
| Addition of intangible assets                               | (103)          | (112)          | -              | -              |
| Dividends received  | -              | -              | 520            | 510            |
| Advances to subsidiaries                                    | -              | -              | (11,342)       | (4,382)        |
| Advances to associates                                      | (2,355)        | (2,004)        | (1,827)        | (1,597)        |
| Proceeds from disposal of property, plant and equipment     | 21             | 43             | -              | -              |
| Withdrawal in short term cash investments                   | 12,894         | 6,831          | 11,679         | 6,853          |
| Interest income and income from short term cash investments | 2,222          | 2,232          | 2,071          | 1,798          |
| <b>Net cash from investing activities</b>                   | 10,509         | 5,812          | 1,101          | 3,182          |
| Balance carried down  | 23,175         | 19,248         | 572            | 2,706          |

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Cont'd)

|   | Note | Group           |                 | Company        |                |
|---|------|-----------------|-----------------|----------------|----------------|
|   |      | 2023<br>RM'000  | 2022<br>RM'000  | 2023<br>RM'000 | 2022<br>RM'000 |
| Balance brought down  |      | 23,175          | 19,248          | 572            | 2,706          |
| <b>Cash flows from financing activities</b>                         |      |                 |                 |                |                |
| Dividends paid  |      | (1,186)         | (2,372)         | (1,186)        | (2,372)        |
| Lease payment   |      | (17,997)        | (14,449)        | -              | -              |
| Repayment of term loans   | (a)  | (1,357)         | (1,289)         | -              | -              |
| Interest paid   |      | (1,190)         | (1,402)         | -              | -              |
| <b>Net cash used in financing activities</b>                        |      | <u>(21,730)</u> | <u>(19,512)</u> | <u>(1,186)</u> | <u>(2,372)</u> |
| Net increase/(decrease) in cash and cash equivalents                |      | 1,445           | (264)           | (614)          | 334            |
| Effect of exchange rates changes                                    |      | 295             | (107)           | -              | -              |
| <b>Cash and cash equivalents at beginning of the financial year</b> |      | <u>27,322</u>   | <u>27,693</u>   | <u>921</u>     | <u>587</u>     |
| <b>Cash and cash equivalents at end of the financial year</b>       |      | <u>29,062</u>   | <u>27,322</u>   | <u>307</u>     | <u>921</u>     |

(a) Reconciliation of liabilities arising from financing activities:

|              | 1 April 2022<br>RM'000 | Cash flows<br>RM'000 | ← Non-cash →<br>Foreign<br>exchange<br>movement<br>RM'000 |  | 31 March 2023<br>RM'000 |
|--------------|------------------------|----------------------|---|--|-------------------------|
|              |                        |                      |   |  |                         |
| <b>Group</b> |                        |                      |   |  |                         |
| Term loans   | <u>19,840</u>          | <u>(1,357)</u>       | <u>1,166</u>  |  | <u>19,649</u>           |
|              |                        |                      |   |  |                         |
|              | 1 April 2021<br>RM'000 | Cash flows<br>RM'000 | ← Non-cash →<br>Foreign<br>exchange<br>movement<br>RM'000 |  | 31 March 2022<br>RM'000 |
|              |                        |                      |   |  |                         |
| <b>Group</b> |                        |                      |   |  |                         |
| Term loans   | <u>20,882</u>          | <u>(1,289)</u>       | <u>247</u>  |  | <u>19,840</u>           |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Esthetics International Group Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

## Registered office/Principal place of business

Lot 11, Jalan Astaka U8/88  
Bukit Jelutong, Seksyen U8  
40150 Shah Alam  
Selangor Darul Ehsan  
Malaysia

The consolidated financial statements as at and for the financial year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as “the Group”). The financial statements of the Company as at and for the financial year ended 31 March 2023 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

The holding company of the Company is Providence Capital Sdn. Bhd., a private limited company incorporated in Malaysia.

The financial statements were approved by the Board of Directors in accordance with a resolution of the directors on 5 July 2023.

## 1. Basis of preparation

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

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group’s and the Company’s financial statements are disclosed in Note 2(a) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 1. Basis of preparation (continued)

### (a) New MFRS and Amendments/Improvements to MFRSs

#### (i) Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

#### Amendments/Improvements to MFRSs

|          |  |
|----------|--|
| MFRS 1   | First-time Adoption of Malaysian Financial Reporting Standards |
| MFRS 3   | Business Combinations  |
| MFRS 9   | Financial Instruments  |
| MFRS 116 | Property, Plant and Equipment                                  |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets       |
| MFRS 141 | Agriculture  |

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Company and did not result in significant changes to the Company's existing accounting policies.

#### (ii) New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

| <u>New MFRS</u>                         |   | <b>Effective for<br/>financial periods<br/>beginning on or<br/>after</b> |
|---|---|--|
| MFRS 17                                 | Insurance Contracts   | 1 January 2023   |
| <u>Amendments/Improvements to MFRSs</u> |   |  |
| MFRS 1                                  | First-time Adoption of Malaysian Financial Reporting Standards  | 1 January 2023 <sup>#</sup>  |
| MFRS 3                                  | Business Combinations   | 1 January 2023 <sup>#</sup>  |
| MFRS 5                                  | Non-current Assets Held for Sale and Discontinued Operations    | 1 January 2023 <sup>#</sup>  |
| MFRS 7                                  | Financial Instruments: Disclosures                              | 1 January 2023 <sup>#</sup>  |
| MFRS 9                                  | Financial Instruments   | 1 January 2023 <sup>#</sup>  |
| MFRS 10                                 | Consolidated Financial Statements                               | Deferred   |
| MFRS 15                                 | Revenue from Contracts with Customers                           | 1 January 2023 <sup>#</sup>  |
| MFRS 16                                 | Leases  | 1 January 2024   |
| MFRS 17                                 | Insurance Contracts   | 1 January 2023   |
| MFRS 101                                | Presentation of Financial Statements                            | 1 January 2023/<br>1 January 2023 <sup>#</sup> /<br>1 January 2024       |
| MFRS 107                                | Statements of Cash Flows  | 1 January 2023 <sup>#</sup>  |
| MFRS 108                                | Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2023   |
| MFRS 112                                | Income Taxes  | 1 January 2023   |
| MFRS 116                                | Property, Plant and Equipment                                   | 1 January 2023 <sup>#</sup>  |
| MFRS 119                                | Employee Benefits   | 1 January 2023 <sup>#</sup>  |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 1. Basis of preparation (continued)

#### (a) New MFRS and Amendments/Improvements to MFRSs (continued)

#### (ii) New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued):

|  | <b>Effective for<br/>financial periods<br/>beginning on or<br/>after</b> |
|--|--|
| MFRS 128 Investments in Associates and Joint Ventures                | Deferred/<br>1 January 2023 <sup>#</sup>                                 |
| MFRS 132 Financial Instruments: Presentation                         | 1 January 2023 <sup>#</sup>  |
| MFRS 136 Impairment of Assets  | 1 January 2023 <sup>#</sup>  |
| MFRS 137 Provisions, Contingent Liabilities and<br>Contingent Assets | 1 January 2023 <sup>#</sup>  |
| MFRS 138 Intangible Assets   | 1 January 2023 <sup>#</sup>  |
| MFRS 140 Investment Property   | 1 January 2023 <sup>#</sup>  |

<sup>#</sup> Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The Group and the Company plan to adopt the above applicable new MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

#### **Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures**

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

#### **Amendments to MFRS 16 Leases**

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 1. Basis of preparation (continued)

### (a) New MFRS and Amendments/Improvements to MFRSs (continued)

#### (ii) New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

The Group and the Company plan to adopt the above applicable new MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below (continued):

#### ***Amendments to MFRS 101 Presentation of Financial Statements***

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period ; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

#### ***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 1. Basis of preparation (continued)

#### (a) New MFRS and Amendments/Improvements to MFRSs (continued)

##### (ii) New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

The Group and the Company plan to adopt the above applicable new MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

##### ***Amendments to MFRS 112 Income Taxes***

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

#### (b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in the significant accounting policies in Note 2 to the financial statements.

#### (c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency. All financial information presented in RM has been rounded to the nearest thousand (RM’000), unless otherwise stated.

### 2. Significant accounting policies

#### (a) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group’s accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

##### (i) *Write-down of obsolete or slow moving inventories*

The Group writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the inventories is disclosed in Note 11 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (a) Critical accounting estimates and judgements (continued)

#### (ii) *Impairment of investment in subsidiaries and recoverability of amount due from subsidiaries*

The Company tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. The impairment made on investment in subsidiaries entails an impairment of receivables to be made to the amount due from these subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

The carrying amounts of the investment in subsidiaries and amount due from subsidiaries are disclosed in Note 7 and Note 9 to the financial statements.

### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2023. The financial statements of the subsidiaries and associates used in preparation of the consolidation of the financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiaries are entities, including structured entities, controlled by the Company and its subsidiaries.

Control exists when the Group is exposed, 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. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements;
- the nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control commences or is transferred to the Group up to the effective date on which control ceases, as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (b) Basis of consolidation (continued)

Intragroup transactions and balances and any unrealised income and expenses arising from intragroup transactions are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### (i) 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, which is the date on which control is transferred to the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. However, the consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. 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.

##### (ii) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent 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.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

##### (iii) Acquisitions of non-controlling interests

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 consideration paid or received is recognised directly in equity and attributed to owners of the parent.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (b) Basis of consolidation (continued)

#### (iv) Loss of control

Upon loss of control of a subsidiary, the profit or loss on disposal 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 (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

### (c) Investments

#### (i) Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### (ii) Associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence, but no control over the financial and operating policies.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 March 2023. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of profit or loss and other comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained earnings and reserves.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group's share of losses exceed its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. Should the associate subsequently report profits, the Group will only resume to recognise its share of profits after its share of profits equal to the share of losses previously not recognised.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (c) Investments (continued)

##### (ii) Associates (continued)

Investments in associates are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

On the disposal of the investments in associates, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### (d) Functional and foreign currencies

##### (i) Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies of the Group entities on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities denominated in foreign currencies are translated using exchange rates that existed when the values were determined.

All exchange differences arising on monetary items are recognised in profit or loss except for exchange differences arising on monetary items that forms part of the Group's net investment. In the consolidated financial statements, these are initially taken directly to other comprehensive income and accumulated under the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (d) Functional and foreign currencies (continued)

#### (ii) Foreign operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at average exchange rates for the financial year, which approximates the exchange rates of the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss. 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.

### (e) Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (e) Financial instruments (continued)

##### (i) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

##### (i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when its business model for managing those assets change.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m)(i) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m)(i) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (e) Financial instruments (continued)

#### (i) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:  
(continued)

#### (i) Financial assets (continued)

##### Debt instruments (continued)

- Fair value through profit or loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

#### (ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (e) Financial instruments (continued)

##### (i) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:  
(continued)

##### (ii) Financial liabilities (continued)

###### Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

##### (ii) Derecognition

A financial asset or a part of it is derecognised when and only when:

- (i) the contractual rights to receive the cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (e) Financial instruments (continued)

#### (iii) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

### (f) Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### (g) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on the fair value at the acquisition date. The fair value of the property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in a mutually agreed term after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

#### (ii) Subsequent costs

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (g) Property, plant and equipment (continued)

##### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

|                               |   |
|-------------------------------|---|
| Buildings                     | 50 years                                    |
| Motor vehicles                | 5 years                                     |
| Office equipment and fittings | 2 - 10 years                                |
| Tools and equipment           | 4 - 7 years                                 |
| Renovation                    | Over the initial lease term of 2 to 5 years |

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount of these assets.

Depreciation methods, useful lives and residual values are reassessed at the end of the reporting period and adjusted as appropriate.

##### (iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

#### (h) Leases

##### (i) Definition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (h) Leases (continued)

#### (ii) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

#### Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m)(ii) to the financial statements.

#### Lease liability

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (h) Leases (continued)

##### (ii) Lessee accounting (continued)

##### Lease liability (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (h) Leases (continued)

#### (ii) Lessee accounting (continued)

##### Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### (iii) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(ii) to the financial statements, then it classifies the sublease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (i) Intangible assets

##### (i) Goodwill

Goodwill arises from business combinations and is measured at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any excess which is negative is recognised immediately in profit or loss as gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of the equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

##### (ii) Development costs

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are profitable;
- its ability to use or sell the developed asset; and
- the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

Development costs are amortised from the date that they are available for use. Amortisation of development costs is recognised in profit or loss on a straight-line basis over their estimated useful lives.

The estimated useful life is 3 to 10 years.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (j) Investment properties

#### (i) *Investment properties carried at fair value*

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

#### (ii) *Determination of fair value*

The directors estimate the fair values of the Group's investment properties without involvement of independent valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller based on mutually agreed terms after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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.

### (k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

#### (m) Impairment of assets

##### (i) Impairment of financial assets

Financial assets measured at amortised cost and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (m) Impairment of assets (continued)

#### (i) Impairment of financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (m) Impairment of assets (continued)

##### (ii) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 *Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when 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. The recoverable amount of the assets is the higher of the assets' fair value less costs of disposal and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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 immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, reversal of that impairment loss is recognised as income in profit or loss.

#### (n) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

#### (o) Employee benefits

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

Short-term employee benefit obligations in respect of salaries, annual bonuses and paid annual leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Defined contribution plans

The Group's contributions to the statutory pension funds are recognised in profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### (q) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

### (r) Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

### (s) Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (s) Revenue and other income (continued)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

##### (i) Sale of goods

The Group distributes and sells beauty and wellness products and beauty equipment to customers. Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 14 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

##### Variable considerations - Right of return

The Group's customary business practice is to allow a customer to return goods and receive a full refund, giving rise to a variable consideration. The Group uses the expected value method in estimating the goods to be returned because it is the method that the Group expects to better predict the amount of variable consideration to which the Group will be entitled. With that, upon transfer of control of the goods, instead of recognising revenue for goods that is highly probable to be returned, the Group recognises a refund liability.

The estimated variable consideration recognised is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (s) Revenue and other income (continued)

#### (i) Sale of goods (continued)

##### Customer options for additional goods or services

- Trade incentives

The Group provides incentives to certain customers if the goods purchased exceed a threshold specified in the contract. These incentives are applied prospectively against the additional goods acquired by the customer in future and shall be accounted for as a customer option as it gives rise to a material right to the customer that it would not receive without entering into that contract. Accumulated experience with the customer's purchasing pattern is used to estimate and provide for the incentives. A portion of the transaction price is allocated to the incentives based on a relative stand-alone selling price basis. The Group recognises a contract liability for the estimated incentives in relation to sales made until the end of the reporting period.

- Customer loyalty points programme

The Group has a loyalty points programme which allows customers to accumulate points that can be redeemed for goods or services. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability. Revenue is recognised upon redemption of products or services by the customer or when the points expired. The Group updates its estimates of the points on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

##### Consideration payable to customers

The Group provides compensation to certain customers for advertising and promotional events which that amounts can be applied against amounts owed to the Group. The consideration payable to a customer is accounted as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. This reduction of revenue should be recognised at the later of when the entity transfers the promised goods or services to the customer or when the entity promises to pay the consideration. A contract liability on the expected consideration payable to customers is recognised by the Group.

#### (ii) Services rendered

The Group provides professional services in relation to beauty and wellness programme. Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the progress towards complete performance of the services. (output method).

Where consideration is collected from customer in advance for professional services, a contract liability is recognised for the consideration received. Contract liability would be recognised as revenue upon services rendered to the customer.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (s) Revenue and other income (continued)

##### *(iii) Rental income*

Rental income from the rental of investment properties is recognised in profit or loss on a straight-line basis over the terms of the lease.

##### *(iv) Dividend income*

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

##### *(v) Interest income*

Interest income is recognised as it accrues, using the effective interest method.

##### *(vi) Income from short term cash investments*

Income from short term cash investments is recognised when the right to receive payment is established.

##### *(vii) Management fees*

Management fees are recognised over time as and when services are rendered.

#### (t) Contract liabilities

Contract liabilities are the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

#### (u) Borrowing costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (v) Tax expense

Income tax for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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 sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets.

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 income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (w) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### (x) 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.

#### (y) Related parties

A party is related to an entity (referred to as the "reporting entity") if:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. Significant accounting policies (continued)

### (z) Fair value measurement

Fair value of an asset or liability, except for lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market which must be accessible to by the Group.

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 the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group had determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### Property, plant and equipment

| Group<br>Cost            | Freehold land |        | Buildings |        | Motor vehicles |         | Office equipment and fittings |        | Tools and equipment |        | Renovation |        | Total   |
|--------------------------|---------------|--------|-----------|--------|----------------|---------|-------------------------------|--------|---------------------|--------|------------|--------|---------|
|                          | RM'000        | RM'000 | RM'000    | RM'000 | RM'000         | RM'000  | RM'000                        | RM'000 | RM'000              | RM'000 | RM'000     | RM'000 |         |
| At 1 April 2021          | 11,053        | 19,510 | 1,562     | 13,055 | 17,059         | 27,909  | 90,148                        | -      | -                   | -      | -          | -      | 1,178   |
| Additions                | -             | -      | 177       | 425    | 56             | 520     | (147)                         | -      | -                   | -      | -          | -      | (147)   |
| Disposals                | -             | -      | (147)     | -      | -              | -       | (438)                         | -      | -                   | -      | -          | -      | (660)   |
| Written off              | -             | -      | -         | (52)   | (170)          | (438)   | -                             | -      | -                   | -      | -          | -      | (660)   |
| Translation differences  | -             | -      | 1         | 73     | 94             | 137     | 305                           | -      | -                   | -      | -          | -      | 305     |
| At 31 March/1 April 2022 | 11,053        | 19,510 | 1,593     | 13,501 | 17,039         | 28,128  | 90,824                        | -      | -                   | -      | -          | -      | 2,170   |
| Additions                | -             | -      | 6         | 817    | 180            | 1,167   | (206)                         | -      | -                   | -      | -          | -      | (206)   |
| Disposals                | -             | -      | (117)     | (13)   | (76)           | -       | (5,558)                       | -      | -                   | -      | -          | -      | (5,558) |
| Written off              | -             | -      | -         | (915)  | (2,791)        | (1,852) | -                             | -      | -                   | -      | -          | -      | (5,558) |
| Translation differences  | -             | -      | -         | 201    | 399            | 597     | 1,197                         | -      | -                   | -      | -          | -      | 1,197   |
| At 31 March 2023         | 11,053        | 19,510 | 1,482     | 13,591 | 14,751         | 28,040  | 88,427                        | -      | -                   | -      | -          | -      | 88,427  |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## Property, plant and equipment (continued)

| Group                                      | Freehold land<br>RM'000 | Buildings<br>RM'000 | Motor vehicles<br>RM'000 | Office equipment and fittings<br>RM'000 | Tools and equipment<br>RM'000 | Renovation<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|---------------------|--------------------------|---|-------------------------------|----------------------|-----------------|
| <b>Accumulated depreciation</b>            |                         |                     |                          |   |                               |                      |                 |
| At 1 April 2021                            | -                       | 5,227               | 1,384                    | 12,110                                  | 15,346                        | 25,603               | 59,670          |
| Depreciation charge for the financial year | -                       | 393                 | 95                       | 501                                     | 662                           | 1,343                | 2,994           |
| Disposals                                  | -                       | -                   | (147)                    | -                                       | -                             | -                    | (147)           |
| Written off                                | -                       | -                   | -                        | (52)                                    | (170)                         | (438)                | (660)           |
| Translation differences                    | -                       | -                   | -                        | 69                                      | 89                            | 128                  | 286             |
| At 31 March/1 April 2022                   | -                       | 5,620               | 1,332                    | 12,628                                  | 15,927                        | 26,636               | 62,143          |
| Depreciation charge for the financial year | -                       | 383                 | 98                       | 570                                     | 558                           | 1,198                | 2,807           |
| Disposals                                  | -                       | -                   | (117)                    | (13)                                    | (76)                          | -                    | (206)           |
| Written off                                | -                       | -                   | -                        | (914)                                   | (2,791)                       | (1,852)              | (5,557)         |
| Translation differences                    | -                       | -                   | -                        | 190                                     | 380                           | 542                  | 1,112           |
| At 31 March 2023                           | -                       | 6,003               | 1,313                    | 12,461                                  | 13,998                        | 26,524               | 60,299          |
| <b>Carrying amounts</b>                    |                         |                     |                          |   |                               |                      |                 |
| At 31 March 2023                           | 11,053                  | 13,507              | 169                      | 1,130                                   | 753                           | 1,516                | 28,128          |
| At 31 March 2022                           | 11,053                  | 13,890              | 261                      | 873                                     | 1,112                         | 1,492                | 28,681          |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. Right-of-use assets

The Group leases several assets and the information about leases of the Group as lessee is presented below:

|  | Leasehold<br>Buildings<br>RM'000 | ROU - Retail<br>Outlets<br>RM'000 | Total<br>RM'000 |
|--|----------------------------------|-----------------------------------|-----------------|
| <b>Group</b>                               |                                  |                                   |                 |
| <b>Carrying amount</b>                     |                                  |                                   |                 |
| At 1 April 2021                            | 59,511                           | 26,031                            | 85,542          |
| Additions                                  | -                                | 18,225                            | 18,225          |
| Depreciation charge for the financial year | (1,006)                          | (18,263)                          | (19,269)        |
| Lease modifications                        | -                                | (761)                             | (761)           |
| Translation differences                    | 820                              | 148                               | 968             |
|  | <u>59,325</u>                    | <u>25,380</u>                     | <u>84,705</u>   |
| At 31 March/1 April 2022                   | 59,325                           | 25,380                            | 84,705          |
| Additions                                  | -                                | 15,692                            | 15,692          |
| Depreciation charge for the financial year | (1,056)                          | (17,837)                          | (18,893)        |
| Translation differences                    | 3,179                            | 660                               | 3,839           |
| At 31 March 2023                           | <u>61,448</u>                    | <u>23,895</u>                     | <u>85,343</u>   |

#### (i) Lease terms

The buildings generally have lease terms between 7 years to 87 years.

The retail outlets have lease terms between 1 to 5 years.

#### (ii) Assets pledged as security

The net carrying amount of leasehold building pledged as security for banking facilities granted to subsidiaries as disclosed in Note 15 to the financial statements are amounting to RM56,933,000 (2022: RM54,735,000).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. Intangible assets

|  | Goodwill<br>RM'000 | Development<br>costs<br>RM'000 | Total<br>RM'000 |
|--|--------------------|--------------------------------|-----------------|
| <b>Group</b>                                       |                    |                                |                 |
| <b>Cost</b>  |                    |                                |                 |
| At 1 April 2021                                    | 3,477              | 577                            | 4,054           |
| Additions  | -                  | 112                            | 112             |
| Written off  | -                  | (31)                           | (31)            |
| Translation differences                            | -                  | 1                              | 1               |
| At 31 March/1 April 2022                           | <u>3,477</u>       | <u>659</u>                     | <u>4,136</u>    |
| Additions  | -                  | 103                            | 103             |
| Translation differences                            | -                  | 5                              | 5               |
| At 31 March 2023                                   | <u>3,477</u>       | <u>767</u>                     | <u>4,244</u>    |
| <b>Accumulated amortisation<br/>and impairment</b> |                    |                                |                 |
| At 1 April 2021                                    | 2,022              | 378                            | 2,400           |
| Amortisation charge for<br>the financial year      | -                  | 106                            | 106             |
| Written off  | -                  | (31)                           | (31)            |
| Translation differences                            | -                  | 1                              | 1               |
| At 31 March/1 April 2022                           | <u>2,022</u>       | <u>454</u>                     | <u>2,476</u>    |
| Amortisation charge for<br>the financial year      | -                  | 146                            | 146             |
| Translation differences                            | -                  | 4                              | 4               |
| At 31 March 2023                                   | <u>2,022</u>       | <u>604</u>                     | <u>2,626</u>    |
| <b>Carrying amounts</b>                            |                    |                                |                 |
| At 31 March 2023                                   | <u>1,455</u>       | <u>163</u>                     | <u>1,618</u>    |
| At 31 March 2022                                   | <u>1,455</u>       | <u>205</u>                     | <u>1,660</u>    |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. Intangible assets (continued)

#### Goodwill

Goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indicators of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount. Impairment loss is recognised in profit or loss and subsequent reversal is not allowed.

#### Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("the Units") at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:

|   | 2023<br>RM'000 | 2022<br>RM'000 |
|---|----------------|----------------|
| Singapore professional services and sales | <u>1,455</u>   | <u>1,455</u>   |

The recoverable amount for the goodwill is based on value-in-use calculations using cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period.

Value in use was determined by discounting the future cash flows to be generated from the operations of the cash generating units and was based on the following key assumptions:

- There will be no material changes in the structure and principal activities of the subsidiary.
- Gross margins are based on the average gross margin achieved in the past years.
- There will not be any significant increase in labour costs, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the respective companies.
- Growth rate used to extrapolate cash flows for fourth and fifth year is based on expected growth rate.
- Statutory income tax rates – the rate for Singapore is 17% (2022: 17%). There will be no material changes in the present legislation or regulations, rates of duties, levies and taxes affecting the Units' activities.
- Discount rate was applied on the projected cash flows in determining the recoverable amounts of the Units. The rates for Singapore professional services is 7.26% (2022:10.77%).

The management believes that no reasonable changes in the above key assumptions would cause the carrying amount of the goodwill to exceed its recoverable amounts.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 6. Investment properties

|                      | Group          |                |
|----------------------|----------------|----------------|
|                      | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>At fair value</b> |                |                |
| At 1 April/31 March  | <u>2,828</u>   | <u>2,828</u>   |

- (i) The above completed investment properties comprise commercial retail unit.
- (ii) The estimated fair values of the investment properties are arrived at based on the directors' estimation of the fair values of the investment properties. Such fair values are arrived at based on comparisons with prices of similar properties in the same location or adjacent locations. Location differences may significantly affect the estimates of the fair values.

### Fair value information

Fair value of investment properties is categorised as follows:

|                       | Fair<br>Value<br>RM'000 | Fair value measurement using |                   |                   |
|-----------------------|-------------------------|------------------------------|-------------------|-------------------|
|                       |                         | Level 1<br>RM'000            | Level 2<br>RM'000 | Level 3<br>RM'000 |
| <b>Group</b>          |                         |                              |                   |                   |
| <b>2023</b>           |                         |                              |                   |                   |
| Investment properties | <u>2,828</u>            | <u>-</u>                     | <u>2,828</u>      | <u>-</u>          |
| <b>2022</b>           |                         |                              |                   |                   |
| Investment properties | <u>2,828</u>            | <u>-</u>                     | <u>2,828</u>      | <u>-</u>          |

### Fair value hierarchy

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

For investment properties, fair value of properties generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. Investments in subsidiaries

|                                   | Note | Company        |                |
|-----------------------------------|------|----------------|----------------|
|                                   |      | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>At cost</b>                    |      |                |                |
| Unquoted shares                   |      | 114,712        | 114,712        |
| Less: Accumulated impairment loss |      | (20,171)       | (20,171)       |
|                                   |      | <u>94,541</u>  | <u>94,541</u>  |
| Quasi loans                       | (a)  | 3,888          | 3,888          |
| Less: Accumulated impairment loss |      | (3,888)        | (3,888)        |
|                                   |      | <u>94,541</u>  | <u>94,541</u>  |

- (a) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

Details of the subsidiaries are as follows:

| Name of subsidiary                  | Principal place of business/<br>Country of incorporation | Principal activities   | Effective ownership interest and voting rights |           |
|-------------------------------------|--|--|--|-----------|
|                                     |  |  | 2023<br>%                                      | 2022<br>% |
| EIG Dermal Wellness (M) Sdn. Bhd.   | Malaysia   | Distribution of beauty and wellness products   | 100  | 100       |
| Leonard Drake (M) Sdn. Bhd.         | Malaysia   | Dormant  | 100  | 100       |
| AsterSpring International Sdn. Bhd. | Malaysia   | Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products | 100  | 100       |
| EIG Pharma Asia Sdn. Bhd.           | Malaysia   | Development and distribution of fast moving consumer goods   | 100  | 100       |
| EIG Haircare Sdn. Bhd.              | Malaysia   | Distribution of hair care, beauty and wellness products  | 100  | 100       |
| Clinelle (M) Sdn. Bhd.              | Malaysia   | Dormant  | 100  | 100       |
| Beuxstar Sdn. Bhd.                  | Malaysia   | Agent for trade-marks and patents application  | 100  | 100       |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

| Name of subsidiary                             | Principal place of business/<br>Country of incorporation | Principal activities   | Effective ownership interest and voting rights |           |
|--|--|--|--|-----------|
|  |  |  | 2023<br>%                                      | 2022<br>% |
| Esthetics and Wellness International Sdn. Bhd. | Malaysia   | Offering education and training in beauty and wellness   | 100  | 100       |
| EIG Prestige Cosmetics Sdn. Bhd.               | Malaysia   | Dormant  | 100  | 100       |
| Averine (Malaysia) Sdn. Bhd.                   | Malaysia   | Dormant  | 100  | 100       |
| Head To Toe Skin Care Centre (KL) Sdn. Bhd.    | Malaysia   | Dormant  | 100  | 100       |
| EIG Management Services Sdn. Bhd.              | Malaysia   | Management services  | 100  | 100       |
| EIG Ecommerce Sdn. Bhd.                        | Malaysia   | Retailing of beauty and wellness products via e-commerce   | 100  | 100       |
| EIG (Thailand) Co. Ltd.*                       | Thailand   | Investment holding   | 100  | 100       |
| EIG Dermal Wellness (HK) Ltd.*                 | Hong Kong  | Distribution of beauty and wellness products   | 100  | 100       |
| Leonard Drake (HK) Limited*                    | Hong Kong  | Property investment holding  | 100  | 100       |
| AsterSpring International (HK) Co. Ltd.*       | Hong Kong  | Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products | 100  | 100       |
| Lexwel International Pte. Limited*             | Hong Kong  | Dormant  | 100  | 100       |
| EIG Global Pte. Ltd.*                          | Singapore  | Investment holding   | 100  | 100       |
| Lexwel International (S) Pte. Ltd.*            | Singapore  | Dormant  | 100  | 100       |
| EIG Global (US) Inc.^                          | United States of America                                 | Investment holding   | 100  | 100       |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

| Name of subsidiary  | Principal place of business/<br>Country of incorporation | Principal activities   | Effective ownership interest and voting rights |           |
|---|--|--|--|-----------|
|   |  |  | 2023<br>%                                      | 2022<br>% |
| EIG Philippines Inc.*   | Philippines  | Dormant  | 100  | 100       |
| <b>Interest held through<br/>EIG Prestige<br/>Cosmetics<br/>Sdn. Bhd.</b>                               |  |  |  |           |
| Klientec Biz-Solution<br>Sdn. Bhd.  | Malaysia   | Dormant  | 100  | 100       |
| <b>Interest held through<br/>Lexwel<br/>International (S)<br/>Pte. Ltd.</b>                             |  |  |  |           |
| PT EIG Lexwel^  | Indonesia  | Dormant  | 100  | 100       |
| <b>Interest held through<br/>EIG Global Pte. Ltd.</b>   |  |  |  |           |
| AsterSpring<br>International (S) Pte.<br>Ltd.*  | Singapore  | Operating of beauty<br>and wellness centres,<br>providing beauty and<br>wellness services and<br>retailing of products | 100  | 100       |
| EIG Dermal Wellness<br>(S) Pte. Ltd.*   | Singapore  | Distribution of beauty<br>and wellness products  | 100  | 100       |
| <b>Interest held by the<br/>Company – 99.94%<br/>and through EIG<br/>Haircare Sdn. Bhd.<br/>– 0.06%</b> |  |  |  |           |
| PT EIG Dermal<br>Wellness Indonesia*  | Indonesia  | Distribution of beauty<br>and wellness products  | 100  | 100       |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

| Name of subsidiary  | Principal place of business/<br>Country of incorporation | Principal activities                         | Effective ownership interest and voting rights |           |
|---|--|--|--|-----------|
|   |  |  | 2023<br>%                                      | 2022<br>% |
| <b>Interest held by the Company – 99% and through EIG Prestige Cosmetics Sdn. Bhd. – 1%</b> |  |  |  |           |
| EIG Dermal Wellness (Brunei) Sdn. Bhd.*   | Brunei   | Distribution of beauty and wellness products | 100  | 100       |

\* Audited by auditors other than Messrs Baker Tilly Monteiro Heng PLT

^ Companies not required to be audited in their countries of incorporation. The unaudited financial statements have been reviewed for consolidation purpose.

There are no restrictions to access or use the assets and settle the liabilities of the subsidiaries.

### 8. Investments in associates

|                                   | Group          |                |
|-----------------------------------|----------------|----------------|
|                                   | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>At cost</b>                    |                |                |
| Unquoted shares                   | 4,286          | 4,286          |
| Less: Accumulated impairment loss | (12)           | (12)           |
|                                   | <u>4,274</u>   | <u>4,274</u>   |
| Share of results in associates    | <u>(4,274)</u> | <u>(4,274)</u> |
|                                   | <u>-</u>       | <u>-</u>       |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. Investments in associates (continued)

Details of the associates are as follows:

| Name of associate  | Principal place of business/<br>Country of incorporation | Principal activities   | Effective ownership interest and voting rights |           |
|--|--|--|--|-----------|
|  |  |  | 2023<br>%                                      | 2022<br>% |
| <b><i>Interest held through<br/>EIG (Thailand) Co. Ltd.</i></b>                |  |  |  |           |
| Wellnax (Thai) Co. Ltd.*   | Thailand   | Investment holding   | 49   | 49        |
| Dermal Wellness International Co. Ltd. ("DWI")*                                | Thailand   | Investment holding   | 48.9   | 48.9      |
| <b><i>Interest held through<br/>Wellnax (Thai) Co. Ltd.</i></b>                |  |  |  |           |
| Dermal Wellness International Co. Ltd. ("DWI")*                                | Thailand   | Investment holding   | 46   | 46        |
| <b><i>Interest held through<br/>Dermal Wellness International Co. Ltd.</i></b> |  |  |  |           |
| EIG Dermal Wellness (Thai) Co. Ltd.*   | Thailand   | Distribution of beauty and wellness products   | 48.9   | 48.9      |
| <b><i>Interest held through<br/>EIG Dermal Wellness (Thai) Co. Ltd.</i></b>    |  |  |  |           |
| AsterSpring International (Thai) Co. Ltd.*                                     | Thailand   | Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products | 48.9   | 48.9      |

\* Audited by auditors other than Messrs Baker Tilly Monteiro Heng PLT

All the associates are accounted for using the equity method in the consolidated financial statements.

The Group's associates are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group. Therefore, the summarised financial information of the associates are not presented.

There are no restrictions on the ability of associates to transfer funds to the Group in the form of dividend.

There are no contingent liabilities that are incurred jointly with other investors and those that arise because the investor is severally liable for all or part of the liabilities of the associates.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. Receivables, deposits and prepayments

#### (a) Non-current receivables

|                               | Note  | Group          |                | Company        |                |
|-------------------------------|-------|----------------|----------------|----------------|----------------|
|                               |       | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Trade</b>                  |       |                |                |                |                |
| Amount due from associates    | (i)   | 10,780         | 8,390          | -              | -              |
| Less:                         |       |                |                |                |                |
| Allowance for impairment loss |       | <u>(511)</u>   | <u>(511)</u>   | <u>-</u>       | <u>-</u>       |
|                               |       | <u>10,269</u>  | <u>7,879</u>   | <u>-</u>       | <u>-</u>       |
| <b>Non-trade</b>              |       |                |                |                |                |
| Amount due from subsidiaries  | (ii)  | -              | -              | 9,212          | 7,209          |
| Less:                         |       |                |                |                |                |
| Allowance for impairment loss |       | <u>-</u>       | <u>-</u>       | <u>(287)</u>   | <u>(287)</u>   |
|                               |       | <u>-</u>       | <u>-</u>       | <u>8,925</u>   | <u>6,922</u>   |
| Amount due from associates    | (iii) | <u>23,640</u>  | <u>21,285</u>  | <u>16,853</u>  | <u>15,026</u>  |
|                               |       | <u>23,640</u>  | <u>21,285</u>  | <u>25,778</u>  | <u>21,948</u>  |
|                               |       | <u>33,909</u>  | <u>29,164</u>  | <u>25,778</u>  | <u>21,948</u>  |

- (i) The trade amount due from associates of the Group is unsecured, bears interest at 5% per annum and not expected to be repayable within the next 12 months. The amounts due are expected to be settled in cash.
- (ii) The non-trade amount due from subsidiaries of the Company is unsecured, bears interest ranging from 3.5% - 6.75% (2022: 3.5% - 6.75%) per annum and are not expected to be repayable within the next 12 months except for an amount of RM8,848,000 (2022: RM6,867,000) which is repayable in year 2030. The amount due is expected to be settled in cash.
- (iii) The non-trade amount due from associates of the Group and the Company are unsecured, bear interest at 6% per annum and not expected to be repayable within the next 12 months. The amounts due are expected to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. Receivables, deposits and prepayments (continued)

#### (b) Current receivables, deposits and prepayments

|                               | Note  | Group          |                | Company        |                |
|-------------------------------|-------|----------------|----------------|----------------|----------------|
|                               |       | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Trade</b>                  |       |                |                |                |                |
| Trade receivables             | (i)   | 12,502         | 10,501         | -              | -              |
| Less:                         |       |                |                |                |                |
| Allowance for impairment loss |       | (88)           | (95)           | -              | -              |
|                               |       | <u>12,414</u>  | <u>10,406</u>  | <u>-</u>       | <u>-</u>       |
| <b>Non-trade</b>              |       |                |                |                |                |
| Amount due from subsidiaries  | (ii)  | -              | -              | 10,266         | 927            |
| Other receivables             |       | 101            | 165            | -              | -              |
| Deposits                      | (iii) | 7,052          | 6,413          | 2              | 2              |
| Prepayments                   |       | 3,102          | 1,782          | 15             | 15             |
|                               |       | <u>10,255</u>  | <u>8,360</u>   | <u>10,283</u>  | <u>944</u>     |
|                               |       | <u>22,669</u>  | <u>18,766</u>  | <u>10,283</u>  | <u>944</u>     |

- (i) The normal trade credit terms granted are as follows:
- Beauty and wellness products: 14 to 90 days (2022: 14 to 90 days)
  - Beauty equipment: case-by-case basis
- (ii) The non-trade amount due from subsidiaries of the Company is unsecured, bears interest from 3.5% to 5% (2022: 3.5%) per annum, repayable on demand and is expected to be settled in cash.
- (iii) Included in deposits of the Group is an amount of RM5,982,000 (2022: RM5,283,000) representing rental deposit.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 10. Deferred tax assets/(liabilities)

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

|   | Property,<br>plant and<br>equipment<br>RM'000 | Contract<br>liabilities<br>RM'000 | Others<br>RM'000         | Total<br>RM'000         |
|---|---|-----------------------------------|--------------------------|-------------------------|
| <b>Group</b>                              |   |                                   |                          |                         |
| <b>Assets</b>                             |   |                                   |                          |                         |
| At 1 April 2021                           | (333)   | 3,198                             | 3,448                    | 6,313                   |
| Recognised in profit<br>or loss (Note 21) | 57  | (84)                              | 387                      | 360                     |
| Translation differences                   | -   | -                                 | 58                       | 58                      |
| At 31 March/1 April 2022                  | (276)   | 3,114                             | 3,893                    | 6,731                   |
| Recognised in profit<br>or loss (Note 21) | (53)  | 1,204                             | (2,548)                  | (1,397)                 |
| Translation differences                   | -   | -                                 | 17                       | 17                      |
| At 31 March 2023                          | <u>(329)</u>                                  | <u>4,318</u>                      | <u>1,362</u>             | <u>5,351</u>            |
|   |   |                                   | <b>Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>Group</b>                              |   |                                   |                          |                         |
| <b>Liabilities</b>                        |   |                                   |                          |                         |
| At 1 April 2021                           |   |                                   | (11)                     | (11)                    |
| Recognised in profit<br>or loss (Note 21) |   |                                   | 2                        | 2                       |
| At 31 March/1 April 2022                  |   |                                   | (9)                      | (9)                     |
| Recognised in profit<br>or loss (Note 21) |   |                                   | (1)                      | (1)                     |
| At 31 March 2023                          |   |                                   | <u>(10)</u>              | <u>(10)</u>             |

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 10. Deferred tax assets/(liabilities) (continued)

#### Unrecognised deferred tax assets

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

|                               | Group          |                |
|-------------------------------|----------------|----------------|
|                               | 2023<br>RM'000 | 2022<br>RM'000 |
| Unabsorbed capital allowances | 400            | 593            |
| Unutilised tax losses         | 65,454         | 65,683         |
| Others                        | 2,424          | 1,598          |
|                               | <u>68,278</u>  | <u>67,874</u>  |

The unused tax losses are available indefinitely for offset against future taxable profits of the Group except for certain unused tax losses which are available for utilisation up to the following financial years:

|      | Group          |                |
|------|----------------|----------------|
|      | 2023<br>RM'000 | 2022<br>RM'000 |
| 2028 | 4,570          | 12,342         |
| 2029 | 8,689          | 1,329          |
| 2030 | 613            | 613            |
| 2031 | 204            | 806            |
| 2032 | 974            | 1,089          |
| 2033 | 516            | -              |
|      | <u>15,566</u>  | <u>16,179</u>  |

### 11. Inventories

|                               | Group          |                |
|-------------------------------|----------------|----------------|
|                               | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>At cost</b>                |                |                |
| Raw materials and consumables | 4,816          | 2,131          |
| Goods in transit              | 12,889         | 8,870          |
| Trading goods                 | 24,787         | 24,032         |
|                               | <u>42,492</u>  | <u>35,033</u>  |

Inventories recognised as cost of sales during the financial year amounted to RM48,571,000 (2022: RM36,774,000).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 12. Short term cash investments

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Cash management fund investments with investment management companies | 14,095         | 26,989         | 14,095         | 25,774         |

### 13. Share capital

|                              | Group and Company               |         |                                 |         |
|------------------------------|---------------------------------|---------|---------------------------------|---------|
|                              | 2023                            |         | 2022                            |         |
|                              | Number of<br>shares<br>Unit'000 | RM'000  | Number of<br>shares<br>Unit'000 | RM'000  |
| <b>Issued and fully paid</b> |                                 |         |                                 |         |
| At 1 April/ 31 March         | 237,194                         | 128,768 | 237,194                         | 128,768 |

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

### 14. Reserves and retained earnings

|                          | Note | Group          |                | Company        |                |
|--------------------------|------|----------------|----------------|----------------|----------------|
|                          |      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Non-distributable</b> |      |                |                |                |                |
| Translation reserve      | (a)  | 3,488          | 1,161          | -              | -              |
| <b>Distributable</b>     |      |                |                |                |                |
| Retained earnings        | (b)  | 29,433         | 36,295         | 11,648         | 10,846         |

#### (a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of each entity in the Group with functional currencies other than RM as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in RM.

#### (b) Retained earnings

The Company may distribute dividends out of its retained earnings under the single tier system.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. Borrowings

|                     | Group          |                |
|---------------------|----------------|----------------|
|                     | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Non-current:</b> |                |                |
| <b>Secured</b>      |                |                |
| Term loans          | 15,407         | 15,274         |
| <b>Current:</b>     |                |                |
| <b>Secured</b>      |                |                |
| Term loans          | 4,242          | 4,566          |
|                     | <u>19,649</u>  | <u>19,840</u>  |

**(i) Term loan I – Hong Kong Dollar**

Term loan I of a subsidiary of RM3,377,000 (2022: RM3,805,000) bears interest at 2.73% (2022: 2.10%) per annum and is secured by legal charges over the properties as disclosed in Note 4 to the financial statements.

**(ii) Term loan II – Singapore Dollar**

Term loan II of a subsidiary of RM12,127,000 (2022: RM11,962,000) bears interest at 1.7% from 1 June 2021 to 31 May 2023, thereafter at 3 months compounded Singapore Overnight Rate Average ("SORA") in advance plus 4% per annum (2022: 1.88% per annum for the first three years and subsequently at 3% per annum above prevailing Singapore Interbank Offered Rate ("SIBOR")) and is secured by legal charges over the properties as disclosed in Note 4 to the financial statements and corporate guarantee by its wholly-owned subsidiaries.

**(iii) Term loan III – Singapore Dollar**

Term loan III of a subsidiary of RM4,145,000 (2022: RM4,073,000) bears fixed interest at 1.88% per annum from 6 May 2022 to 5 May 2025 and subsequently at 3% per annum above prevailing SORA (2022: 2.68% per annum and subsequently at 3% per annum above prevailing SIBOR). The term loan is secured by legal charges over the properties as disclosed in Note 4 to the financial statements and corporate guarantee by its wholly-owned subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 16. Lease liabilities

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2023</b>   | <b>2022</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| Minimum lease payments:                             |               |               |
| - Not later than one year                           | 13,916        | 16,419        |
| - Later than one year and not later than five years | 11,490        | 10,609        |
|   | <u>25,406</u> | <u>27,028</u> |
| Less: Future finance charges                        | (877)         | (848)         |
| Present value of minimum lease payments             | <u>24,529</u> | <u>26,180</u> |
| Represented by:                                     |               |               |
| Current   |               |               |
| - Not later than one year                           | 14,815        | 16,812        |
| Non-current   |               |               |
| - Later than one year and not later than five years | 9,714         | 9,368         |
|   | <u>24,529</u> | <u>26,180</u> |

Set out below is the movements of lease liabilities during the financial year:

|                        | <b>Group</b>  |
|------------------------|---------------|
|                        | <b>RM'000</b> |
| At 1 April 2021        | 26,859        |
| Addition               | 18,225        |
| Lease modifications    | (763)         |
| Payments               | (14,449)      |
| Rent concession        | (3,789)       |
| Translation difference | 97            |
| At 31 March 2022       | <u>26,180</u> |
| Addition               | 15,692        |
| Payments               | (17,997)      |
| Rent concession        | (41)          |
| Translation difference | 695           |
| At 31 March 2023       | <u>24,529</u> |

The lease payments are discounted using the Group's weighted average incremental borrowing rate ranging from 3.4% to 5% (2022: 3.4% to 5%).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. Contract liabilities

|   | Note | Group          |                |
|---|------|----------------|----------------|
|   |      | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Current</b>  |      |                |                |
| Cash received from customers for products and services not yet rendered |      | 28,059         | 22,120         |
| Others  | (a)  | <u>3,436</u>   | <u>2,678</u>   |
|   |      | 31,495         | 24,798         |
| <b>Non-current</b>  |      |                |                |
| Cash received from customers for products and services not yet rendered |      |                |                |
| - Later than one year and not later than two years                      |      | <u>2,792</u>   | <u>991</u>     |
|   |      | <u>34,287</u>  | <u>25,789</u>  |

(a) Others comprise of customer loyalty points, consideration payable to customers, refund liabilities, rebate liabilities and trade incentives.

#### Significant changes in contract liabilities

|   | Contract liabilities<br>(Increase)/Decrease |                 |
|---|---|-----------------|
|   | 2023<br>RM'000                              | 2022<br>RM'000  |
| Revenue recognised that was included in contract liabilities at the beginning of the financial year | 25,789                                      | 25,138          |
| Increase due to cash received, excluding amounts recognised as revenue during the year              | <u>(34,287)</u>                             | <u>(25,789)</u> |

Revenue recognised that was included in the contract liabilities balance at the beginning of the year represented primarily revenue from the cash received from customers for products and services that had been rendered.

### 18. Payables and accruals

|                            | Note | Group          |                | Company        |                |
|----------------------------|------|----------------|----------------|----------------|----------------|
|                            |      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Trade</b>               |      |                |                |                |                |
| Trade payables             | (a)  | <u>14,463</u>  | <u>17,727</u>  | -              | -              |
| <b>Non-trade</b>           |      |                |                |                |                |
| GST payable                |      | 629            | 439            | -              | -              |
| Other payables             |      | 2,750          | 1,376          | -              | -              |
| Amount due to subsidiaries | (b)  | -              | -              | 4,251          | 4,253          |
| Accrued expenses           | (c)  | <u>8,162</u>   | <u>6,073</u>   | <u>324</u>     | <u>278</u>     |
|                            |      | <u>11,541</u>  | <u>7,888</u>   | <u>4,575</u>   | <u>4,531</u>   |
|                            |      | <u>26,004</u>  | <u>25,615</u>  | <u>4,575</u>   | <u>4,531</u>   |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. Payables and accruals (continued)

- (a) The normal trade credit terms granted to the Group range from 30 to 90 days. (2022: 30 to 90 days)
- (b) Amount due to subsidiaries is non-trade in nature, unsecured, interest-free, repayable upon demand and is expected to be settled in cash.
- (c) Included in accrued expenses of the Group is staff expenses of RM4,743,000 (2022: RM2,941,000).

### 19. Revenue

|   | Group          |                | Company    |            |
|---|----------------|----------------|------------|------------|
|   | 2023           | 2022           | 2023       | 2022       |
|   | RM'000         | RM'000         | RM'000     | RM'000     |
| <b>Revenue from contract customers:</b> |                |                |            |            |
| Management fees                         | 73             | 58             | -          | -          |
| Product distribution                    | 63,227         | 46,764         | -          | -          |
| Professional services and sales         | 93,448         | 69,055         | -          | -          |
| Ecommerce                               | 8,356          | 8,715          | -          | -          |
|   | <u>165,104</u> | <u>124,592</u> | <u>-</u>   | <u>-</u>   |
| <b>Revenue from other sources:</b>      |                |                |            |            |
| Dividend from subsidiaries              | -              | -              | 520        | 510        |
|   | <u>165,104</u> | <u>124,592</u> | <u>520</u> | <u>510</u> |

|   | Group          |                | Company  |          |
|---|----------------|----------------|----------|----------|
|   | 2023           | 2022           | 2023     | 2022     |
|   | RM'000         | RM'000         | RM'000   | RM'000   |
| <b>Timing of revenue recognition from contract customers:</b> |                |                |          |          |
| At a point in time  | 71,583         | 55,479         | -        | -        |
| Over time   | 93,521         | 69,113         | -        | -        |
|   | <u>165,104</u> | <u>124,592</u> | <u>-</u> | <u>-</u> |

#### Disaggregation of revenue

The Group reports the following major segments: professional services and sales, product distribution and others in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

The information on disaggregation of revenue into primary geographical markets is disclosed in Note 24 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. Operating (loss)/profit

(a) Operating (loss)/profit has been arrived at:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>After charging:</b>                            |                |                |                |                |
| Auditors' remuneration:                           |                |                |                |                |
| - Audit services:                                 |                |                |                |                |
| - current year                                    | 340            | 316            | 32             | 36             |
| - over provision in prior year                    | -              | (17)           | -              | (5)            |
| - Non-audit services                              | 9              | 9              | 9              | 9              |
| Bad debts written off                             | 2              | 4              | -              | -              |
| Interest expense:                                 |                |                |                |                |
| - Term loan                                       | 379            | 447            | -              | -              |
| - Lease liabilities                               | 811            | 955            | -              | -              |
| Inventories written off                           | 2,702          | 2,321          | -              | -              |
| Staff costs:                                      |                |                |                |                |
| - Wages, salaries and others                      | 53,397         | 42,032         | -              | -              |
| - Contribution to defined contribution plan       | 5,442          | 4,478          | -              | -              |
| Realised loss on foreign exchange                 | 532            | 194            | -              | -              |
| Rental commission                                 | 1,708          | 989            | -              | -              |
| Expenses relating to short term lease             | 596            | 358            | -              | -              |
|   | <b>596</b>     | <b>358</b>     | <b>-</b>       | <b>-</b>       |
| <b>After crediting:</b>                           |                |                |                |                |
| COVID-19 related rent concession income           | 41             | 3,789          | -              | -              |
| Government subsidy                                | 723            | 1,763          | -              | -              |
| Unrealised gain on foreign exchange               | 635            | 368            | -              | -              |
| Income from short term cash investments           | 411            | 669            | 410            | 647            |
| Interest income                                   | 1,811          | 1,563          | 1,661          | 1,151          |
| Rental income from investment properties          | 135            | 139            | -              | -              |
| Reversal of impairment loss on receivables        | 7              | 3              | -              | -              |
| Gain on disposal of property, plant and equipment | 21             | 43             | -              | -              |
|   | <b>21</b>      | <b>43</b>      | <b>-</b>       | <b>-</b>       |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. Operating (loss)/profit (continued)

#### (b) Directors' remuneration

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Directors of the Company</b>                |                |                |                |                |
| - Fees   | 201            | 156            | 201            | 156            |
| - Other emoluments                             | 1,560          | 1,390          | 20             | 20             |
| - Contribution to defined contribution plan    | 183            | 164            | -              | -              |
| - Estimated monetary value of benefits-in-kind | 164            | 189            | 56             | 54             |
|  | <u>2,108</u>   | <u>1,899</u>   | <u>277</u>     | <u>230</u>     |

### 21. Tax expense/(credit)

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Current tax:</b>              |                |                |                |                |
| - current financial year         | 2,920          | 565            | 61             | 8              |
| - over provision in prior years  | (236)          | (446)          | -              | -              |
|                                  | <u>2,684</u>   | <u>119</u>     | <u>61</u>      | <u>8</u>       |
| <b>Deferred tax (Note 10):</b>   |                |                |                |                |
| - current financial year         | 1,360          | (368)          | -              | -              |
| - under provision in prior years | 38             | 6              | -              | -              |
|                                  | <u>1,398</u>   | <u>(362)</u>   | <u>-</u>       | <u>-</u>       |
|                                  | <u>4,082</u>   | <u>(243)</u>   | <u>61</u>      | <u>8</u>       |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 21. Tax expense/(credit) (continued)

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| (Loss)/Profit before tax  | <u>(1,594)</u> | <u>(6,372)</u> | <u>2,049</u>   | <u>1,851</u>   |
| Tax at the statutory tax rate<br>of 24% (2022: 24%)             | (383)          | (1,529)        | 492            | 444            |
| Effect of different tax rates in<br>foreign jurisdictions       | (130)          | (144)          | -              | -              |
| Non-deductible expenses   | 5,572          | 216            | 120            | 109            |
| Non-taxable income  | (876)          | (472)          | (551)          | (545)          |
| Reversal of<br>deferred tax assets not<br>recognised previously | 97             | 2,126          | -              | -              |
|   | <u>4,280</u>   | <u>197</u>     | <u>61</u>      | <u>8</u>       |
| (Over)/Under provision in<br>prior years                        |                |                |                |                |
| - current tax   | (236)          | (446)          | -              | -              |
| - deferred tax  | 38             | 6              | -              | -              |
| Tax expense   | <u>4,082</u>   | <u>(243)</u>   | <u>61</u>      | <u>8</u>       |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

### 22. Loss per share

The basic loss per share of the Group is calculated by dividing the Group's loss attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

Basic loss per share is calculated based on the following information:

|   | Group          |                |
|---|----------------|----------------|
|   | 2023           | 2022           |
| Loss attributable to owners of the Company (RM'000) | <u>(5,676)</u> | <u>(6,129)</u> |
| Number of shares in issue ('000)                    | <u>237,194</u> | <u>237,194</u> |
| Basic loss per ordinary share (sen)                 | <u>(2.39)</u>  | <u>(2.58)</u>  |

The basic and diluted loss per ordinary share are equal as the Group does not have dilutive potential ordinary shares as at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 23. Dividends

| <b>Group and Company</b>  | <b>Total<br/>RM'000</b> |
|---|-------------------------|
| <b>2023</b>   |                         |
| Final single-tier dividend of 0.50 sen per ordinary share<br>in respect of the financial year ended 31 March 2022   | <u>1,186</u>            |
| <b>2022</b>   |                         |
| Final single-tier dividend of 0.50 sen per ordinary share<br>in respect of the financial year ended 31 March 2021   | 1,186                   |
| Interim single-tier dividend of 0.50 sen per ordinary share<br>in respect of the financial year ended 31 March 2022 | <u>1,186</u>            |
|   | <u><u>2,372</u></u>     |

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.5 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.

### 24. Operating segments

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, are based on the Group's management and internal reporting structure. The accounting policies of the segments are the same as the Group's accounting policies described in Note 2 to the financial statements. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly related loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters), head office expenses, tax assets and liabilities.

Segment addition in non-current assets (excluding financial instruments and deferred tax assets) is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. Operating segments (continued)

#### Business segments

The Group comprises the following main segments:

| <b><u>Segments</u></b>          | <b><u>Products and services</u></b>  |
|---------------------------------|--|
| Professional services and sales | The professional services rendered in respect of beauty and wellness programs and sales of related products. |
| Product distribution            | The distribution of beauty and wellness products and beauty equipment.                                       |
| E-commerce                      | The retailing of beauty and wellness products via e-commerce   |
| Others                          | Investment holding, management services, education and training.   |

#### Geographical segments

The professional services and sales segment of the Group operated in Singapore, Hong Kong and Indonesia apart from its home country, Malaysia.

The product distribution segment, e-commerce segment and other business segments are operated in Malaysia, Singapore, Hong Kong, Thailand and Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment non-current assets (excluding financial instruments and deferred tax assets) are based on the geographical location of the assets.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 24. Operating segments (continued)

|   | Professional services and sales |               | Product distribution |                | Ecommerce    |              | Others        |                | Eliminations    |                 | Consolidated   |                |
|---|---------------------------------|---------------|----------------------|----------------|--------------|--------------|---------------|----------------|-----------------|-----------------|----------------|----------------|
|   | 2023                            | 2022          | 2023                 | 2022           | 2023         | 2022         | 2023          | 2022           | 2023            | 2022            | 2023           | 2022           |
|   | RM'000                          | RM'000        | RM'000               | RM'000         | RM'000       | RM'000       | RM'000        | RM'000         | RM'000          | RM'000          | RM'000         | RM'000         |
| <b>Business segments</b>                                    |                                 |               |                      |                |              |              |               |                |                 |                 |                |                |
| Revenue from external customers                             | 93,447                          | 69,055        | 63,228               | 46,764         | 8,356        | 8,715        | 73            | 58             | -               | -               | 165,104        | 124,592        |
| Inter-segment revenue                                       | -                               | -             | 35,557               | 26,779         | -            | -            | 11,427        | 9,437          | (46,984)        | (36,216)        | -              | -              |
| <b>Total revenue</b>  | <b>93,447</b>                   | <b>69,055</b> | <b>98,785</b>        | <b>73,543</b>  | <b>8,356</b> | <b>8,715</b> | <b>11,500</b> | <b>9,495</b>   | <b>(46,984)</b> | <b>(36,216)</b> | <b>165,104</b> | <b>124,592</b> |
| <b>Segment results</b>                                      | <b>2,672</b>                    | <b>(460)</b>  | <b>(5,134)</b>       | <b>(6,712)</b> | <b>(799)</b> | <b>(531)</b> | <b>635</b>    | <b>501</b>     | <b>-</b>        | <b>-</b>        | <b>(2,626)</b> | <b>(7,202)</b> |
| Interest income and income from short term cash investments | 78                              | 32            | 414                  | 342            | 13           | 12           | 1,717         | 1,846          | -               | -               | 2,222          | 2,232          |
| Finance costs   | (810)                           | (956)         | -                    | -              | -            | -            | (380)         | (446)          | -               | -               | (1,190)        | (1,402)        |
| <b>Loss before tax</b>                                      |                                 |               |                      |                |              |              |               |                |                 |                 | <b>(1,594)</b> | <b>(6,372)</b> |
| Tax (expense)/credit  |                                 |               |                      |                |              |              |               |                |                 |                 | <b>(4,082)</b> | <b>243</b>     |
| <b>Loss for the financial year</b>                          |                                 |               |                      |                |              |              |               |                |                 |                 | <b>(5,676)</b> | <b>(6,129)</b> |
| <b>Segment assets</b>                                       | <b>62,771</b>                   | <b>59,321</b> | <b>98,999</b>        | <b>89,862</b>  | <b>1,665</b> | <b>1,941</b> | <b>96,709</b> | <b>104,024</b> |                 |                 | <b>260,144</b> | <b>255,148</b> |
| Unallocated assets  |                                 |               |                      |                |              |              |               |                |                 |                 | 6,285          | 8,976          |
| <b>Total assets</b>   |                                 |               |                      |                |              |              |               |                |                 |                 | <b>266,429</b> | <b>264,124</b> |
| <b>Segment liabilities</b>                                  | <b>35,996</b>                   | <b>26,275</b> | <b>22,987</b>        | <b>24,124</b>  | <b>230</b>   | <b>287</b>   | <b>1,078</b>  | <b>718</b>     |                 |                 | <b>60,291</b>  | <b>51,404</b>  |
| Unallocated liabilities                                     |                                 |               |                      |                |              |              |               |                |                 |                 | 44,449         | 46,496         |
| <b>Total liabilities</b>                                    |                                 |               |                      |                |              |              |               |                |                 |                 | <b>104,740</b> | <b>97,900</b>  |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. Operating segments (continued)

|   | Professional services and sales |        | Product distribution |        | Ecommerce |        | Others |        | Consolidated |        |
|---|---------------------------------|--------|----------------------|--------|-----------|--------|--------|--------|--------------|--------|
|   | 2023                            | 2022   | 2023                 | 2022   | 2023      | 2022   | 2023   | 2022   | 2023         | 2022   |
|   | RM'000                          | RM'000 | RM'000               | RM'000 | RM'000    | RM'000 | RM'000 | RM'000 | RM'000       | RM'000 |
| Amortisation of development cost              | 33                              | -      | -                    | -      | 113       | 106    | -      | -      | 146          | 106    |
| Reversal of impairment on receivables         | -                               | -      | (7)                  | (3)    | -         | -      | -      | -      | (7)          | (3)    |
| Additions in capital expenditure              | 1,535                           | 675    | 500                  | 401    | 20        | 16     | 115    | 86     | 2,170        | 1,178  |
| Depreciation of property, plant and equipment | 1,889                           | 2,067  | 783                  | 800    | 30        | 27     | 105    | 100    | 2,807        | 2,994  |
| Depreciation of right-of-use assets           | 17,837                          | 18,263 | 106                  | 105    | -         | -      | 950    | 901    | 18,893       | 19,269 |
| Inventories written off                       | 184                             | 39     | 2,489                | 2,116  | 29        | 166    | -      | -      | 2,702        | 2,321  |
| Property, plant and equipment written off     | 1                               | -      | -                    | -      | -         | -      | -      | -      | 1            | -      |
| Unrealised foreign exchange loss/(gain)       | 16                              | (8)    | (651)                | (360)  | -         | -      | -      | -      | (635)        | (368)  |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. Operating segments (continued)

Segment revenue based on geographical location of the Group's customers:

|           | <b>2023</b>    | <b>2022</b>    |
|-----------|----------------|----------------|
|           | <b>RM'000</b>  | <b>RM'000</b>  |
| Malaysia  | 101,880        | 74,156         |
| Singapore | 39,682         | 32,375         |
| Hong Kong | 14,724         | 11,581         |
| Others*   | 8,818          | 6,480          |
|           | <u>165,104</u> | <u>124,592</u> |

\* Included in the segment are Thailand and Indonesia.

Non-current assets (other than financial instruments and deferred tax assets) information based on geographical location of the Group's operations:

|           | <b>2023</b>    | <b>2022</b>    |
|-----------|----------------|----------------|
|           | <b>RM'000</b>  | <b>RM'000</b>  |
| Malaysia  | 38,765         | 41,646         |
| Singapore | 53,917         | 52,074         |
| Hong Kong | 20,547         | 19,420         |
| Indonesia | 4,688          | 4,734          |
|           | <u>117,917</u> | <u>117,874</u> |

Non-current assets (other than financial instruments and deferred tax assets) information presented above consists of the following items as presented in the consolidated statements of financial position:

|                               | <b>2023</b>    | <b>2022</b>    |
|-------------------------------|----------------|----------------|
|                               | <b>RM'000</b>  | <b>RM'000</b>  |
| Property, plant and equipment | 28,128         | 28,681         |
| Right-of-use assets           | 85,343         | 84,705         |
| Intangible assets             | 1,618          | 1,660          |
| Investment properties         | 2,828          | 2,828          |
|                               | <u>117,917</u> | <u>117,874</u> |

#### Major customer information

There is no single customer with revenue equal or more than 10% of the Group's revenue.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 25. Capital commitments

|  | Group          |                |
|--|----------------|----------------|
|  | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Capital expenditure commitments</b> |                |                |
| <b>Property, plant and equipment</b>   |                |                |
| Approved and contracted for            | 1,657          | -              |
| Approved but not contracted for        | -              | 622            |
|  | <u>1,657</u>   | <u>622</u>     |

### 26. Related parties

#### (a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability directly or indirectly, to control the party or exercise significant influence over the party in making and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other parties.

Related parties of the Group and the Company include:

- (a) its holding company;
- (b) its subsidiaries and associates as disclosed in Note 7 and Note 8 to the financial statements;
- (c) company in which certain directors have substantial financial interests; and
- (d) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 26. Related parties (continued)

### (b) Significant related parties transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follow:

#### Transactions with subsidiaries

|   | Company    |            |
|---|------------|------------|
|   | 2023       | 2022       |
|   | RM'000     | RM'000     |
| Dividend received from:                       |            |            |
| - EIG Dermal Wellness (M) Sdn. Bhd.           | -          | 250        |
| - AsterSpring International Sdn. Bhd.         | 520        | 260        |
|   | <u>520</u> | <u>260</u> |
| Interest income received and receivable from: |            |            |
| - EIG Pharma Asia Sdn. Bhd.                   | 25         | 27         |
| - EIG Dermal Wellness (M) Sdn. Bhd.           | 201        | -          |
| - EIG Dermal Wellness (HK) Ltd.               | 49         | -          |
| - EIG Prestige Cosmetics Sdn. Bhd.            | 1          | -          |
| - Klientec Biz-Solution Sdn. Bhd.             | 1          | -          |
| - Beuxstar Sdn Bhd                            | 1          | 1          |
| - PT EIG Dermal Wellness Indonesia            | 469        | 290        |
|   | <u>469</u> | <u>290</u> |

#### Transactions with associates

|   | Company    |            |
|---|------------|------------|
|   | 2023       | 2022       |
|   | RM'000     | RM'000     |
| Interest income received and receivable from: |            |            |
| - Dermal Wellness International Co. Ltd.      | 571        | 538        |
| - EIG Dermal Wellness (Thai) Co. Ltd.         | 327        | 285        |
|   | <u>327</u> | <u>285</u> |

|   | Group        |              |
|---|--------------|--------------|
|   | 2023         | 2022         |
|   | RM'000       | RM'000       |
| Sales to:                                     |              |              |
| - EIG Dermal Wellness (Thai) Co. Ltd.         | 2,482        | 1,607        |
|   | <u>2,482</u> | <u>1,607</u> |
| Interest income received and receivable from: |              |              |
| - Dermal Wellness International Co. Ltd.      | 571          | 538          |
| - EIG Dermal Wellness (Thai) Co. Ltd.         | 1,082        | 925          |
|   | <u>1,082</u> | <u>925</u>   |
| Management fee received and receivable from:  |              |              |
| - EIG Dermal Wellness (Thai) Co. Ltd.         | 73           | 58           |
|   | <u>73</u>    | <u>58</u>    |

#### Transactions with holding company

|   | Group      |            |
|---|------------|------------|
|   | 2023       | 2022       |
|   | RM'000     | RM'000     |
| Management services fees paid and payable to: |            |            |
| - Providence Capital Sdn. Bhd.                | 864        | 799        |
|   | <u>864</u> | <u>799</u> |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Related parties (continued)

#### (b) Significant related parties transactions (continued)

##### Related party balances

Information on outstanding balances with related parties of the Group is disclosed in Note 9 and Note 18 to the financial statements.

#### (c) Compensation of key management personnel

The key management personnel compensation is as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Directors of the Company</b>                   |                |                |                |                |
| - Fees  | 201            | 156            | 201            | 156            |
| - Other emoluments                                | 1,560          | 1,390          | 20             | 20             |
| - Estimated monetary value of<br>benefits-in-kind | 164            | 189            | 56             | 54             |
| Total short-term employee<br>benefits             | 1,925          | 1,735          | 277            | 230            |
| Contribution to defined<br>contribution plan      | 183            | 164            | -              | -              |
|   | <u>2,108</u>   | <u>1,899</u>   | <u>277</u>     | <u>230</u>     |

### 27. Financial instruments

The Group's activities are exposed to a variety of market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance.

#### (a) Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:

##### (i) Market risk

###### (i) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates.

The Group has subsidiaries operating in foreign countries whose revenue and expenses are denominated in their respective functional currencies. The Group is also exposed to foreign currency risk on purchases that are denominated in foreign currencies. The currency giving rise to this risk is primarily the United States Dollar. Foreign currency risk is monitored closely and managed to an acceptable level.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 27. Financial instruments (continued)

### (a) Financial risk management policies (continued)

#### (i) Market risk (continued)

##### (i) Foreign currency risk (continued)

Financial assets and liabilities denominated in foreign currency are as follows:

| United States Dollar ("USD") | Group          |                |
|------------------------------|----------------|----------------|
|                              | 2023<br>RM'000 | 2022<br>RM'000 |
| Amount due from associates   | 10,304         | 7,699          |
| Cash and bank balances       | 460            | 2,493          |
| Trade payables               | (14,124)       | (17,410)       |
|                              | <u>(3,360)</u> | <u>(7,218)</u> |

##### Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currency as at the end of the reporting period, with all other variables held constant:

| Effects on profit for the financial year | Group          |                |
|--|----------------|----------------|
|  | 2023<br>RM'000 | 2022<br>RM'000 |
| United States Dollar:                    |                |                |
| - strengthened by 5%                     | (120)          | (269)          |
| - weakened by 5%                         | <u>120</u>     | <u>269</u>     |

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank borrowings at floating rate amounting to RM19,649,000 (2022: RM19,840,000) relating to the purchase of the Group's corporate offices in Singapore and Hong Kong where the borrowings were secured to maximise the Group's capital efficiency.

##### Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the financial year ended 31 March 2023 would decrease/increase by RM82,000 (2022: RM82,000) as a result of exposure to floating rate borrowings.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. Financial instruments (continued)

#### (a) Financial risk management policies (continued)

##### (ii) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

##### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts due from the associates which constituted approximately 63% (2022: 63%) of its receivables as at the end of the reporting period.

##### **Trade receivables**

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

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

##### Exposure to credit risk

The exposure of credit risk for trade receivables by geographical region is as follows:

|              | <b>Group</b>  |               |
|--------------|---------------|---------------|
|              | <b>2023</b>   | <b>2022</b>   |
|              | <b>RM'000</b> | <b>RM'000</b> |
| Malaysia     | 8,082         | 7,268         |
| Singapore    | 1,655         | 1,482         |
| Hong Kong    | 1,373         | 602           |
| Indonesia    | 1,304         | 1,054         |
| Thailand     | 10,269        | 7,879         |
| <b>Total</b> | <b>22,683</b> | <b>18,285</b> |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. Financial instruments (continued)

#### (a) Financial risk management policies (continued)

##### (ii) Credit risk (continued)

##### Trade receivables (continued)

##### Recognition and measurement of impairment losses

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

The information about the exposure to credit risk and impairment losses for trade receivables are as follows:

| Group                | Gross<br>Amount<br>RM'000 | Credit<br>impaired<br>RM'000 | Carrying<br>Amount<br>RM'000 |
|----------------------|---------------------------|------------------------------|------------------------------|
| <b>31 March 2023</b> |                           |                              |                              |
| Not past due         | 11,595                    | -                            | 11,595                       |
| Past due:            |                           |                              |                              |
| - less than 3 months | 1,908                     | -                            | 1,908                        |
| - 3 to 6 months      | 1,077                     | -                            | 1,077                        |
| - over 6 months      | 8,702                     | (599)                        | 8,103                        |
|                      | <u>23,282</u>             | <u>(599)</u>                 | <u>22,683</u>                |
| <b>31 March 2022</b> |                           |                              |                              |
| Not past due         | 9,531                     | -                            | 9,531                        |
| Past due:            |                           |                              |                              |
| - less than 3 months | 1,089                     | -                            | 1,089                        |
| - 3 to 6 months      | 742                       | -                            | 742                          |
| - over 6 months      | 7,529                     | (606)                        | 6,923                        |
|                      | <u>18,891</u>             | <u>(606)</u>                 | <u>18,285</u>                |

The movement in allowance for impairment losses on trade receivables is as follows:

|                                 | Group          |                |
|---------------------------------|----------------|----------------|
|                                 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Credit impaired</b>          |                |                |
| At 1 April                      | 606            | 609            |
| Reversal for the financial year | <u>(7)</u>     | <u>(3)</u>     |
| At 31 March                     | <u>599</u>     | <u>606</u>     |

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. Financial instruments (continued)

#### (a) Financial risk management policies (continued)

##### (ii) Credit risk (continued)

###### **Other receivables and other financial assets**

For other receivables and other financial assets (including cash and cash equivalents and short term cash investment), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 2(m)(i) for the Group's and the Company's other accounting policies for impairment of financial assets.

As at the end of the reporting date, the Company recognised accumulated loss allowance for impairment on amount due from subsidiaries amounted to RM287,000.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. Financial instruments (continued)

#### (a) Financial risk management policies (continued)

##### (iii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The Group's and the Company's financial liabilities at the reporting date mature or payable within one year except for lease liabilities and term loans are as follows:

|                               | Carrying amount<br>RM'000 | Contractual cash flow<br>RM'000 | On demand or within 1 year<br>RM'000 | Between 1 and 5 years<br>RM'000 | Over 5 years<br>RM'000 |
|-------------------------------|---------------------------|---------------------------------|--------------------------------------|---------------------------------|------------------------|
| <b>2023</b>                   |                           |                                 |                                      |                                 |                        |
| <b>Financial liabilities:</b> |                           |                                 |                                      |                                 |                        |
| Lease Liabilities             | 24,529                    | 25,406                          | 13,916                               | 11,490                          | -                      |
| Secured Term loans            | 19,649                    | 22,118                          | 4,511                                | 4,539                           | 13,068                 |
|                               | <u>44,178</u>             | <u>47,524</u>                   | <u>18,427</u>                        | <u>16,029</u>                   | <u>13,068</u>          |
| <b>2022</b>                   |                           |                                 |                                      |                                 |                        |
| <b>Financial liabilities:</b> |                           |                                 |                                      |                                 |                        |
| Lease Liabilities             | 26,180                    | 27,028                          | 16,419                               | 10,609                          | -                      |
| Secured Term loans            | 19,840                    | 23,766                          | 4,945                                | 4,560                           | 14,261                 |
|                               | <u>46,020</u>             | <u>50,794</u>                   | <u>21,364</u>                        | <u>15,169</u>                   | <u>14,261</u>          |

#### (b) Capital risk management

The Group manages its capital by maintaining 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. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its short term cash investments and cash and cash equivalents exceeded the total debts.

There were no changes in the Group approach to capital management since the financial year ended 31 March 2022.

The Group is not subject to any externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. Financial instruments (continued)

#### (c) Classification of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Fair value through profit or loss ("FVTPL")
- (ii) Amortised cost ("AC")

The table below provides an analysis of financial instruments categories as follows:

|                              | Carrying<br>amounts<br>RM'000 | AC<br>RM'000  | FVTPL<br>RM'000 |
|------------------------------|-------------------------------|---------------|-----------------|
| <b>2023</b>                  |                               |               |                 |
| <b>Financial assets</b>      |                               |               |                 |
| <b>Group</b>                 |                               |               |                 |
| Trade receivables            | 12,414                        | 12,414        | -               |
| Amount due from associates   | 33,909                        | 33,909        | -               |
| Other receivables            | 101                           | 101           | -               |
| Deposits                     | 7,052                         | 7,052         | -               |
| Cash and bank balances       | 29,062                        | 29,062        | -               |
| Short term cash investments  | 14,095                        | -             | 14,095          |
|                              | <u>96,633</u>                 | <u>82,538</u> | <u>14,095</u>   |
| <b>Company</b>               |                               |               |                 |
| Amount due from subsidiaries | 19,191                        | 19,191        | -               |
| Amount due from associates   | 16,853                        | 16,853        | -               |
| Deposits                     | 2                             | 2             | -               |
| Cash and bank balances       | 307                           | 307           | -               |
| Short term cash investments  | 14,095                        | -             | 14,095          |
|                              | <u>50,448</u>                 | <u>36,353</u> | <u>14,095</u>   |
| <b>Financial liabilities</b> |                               |               |                 |
| <b>Group</b>                 |                               |               |                 |
| Trade payables               | 14,463                        | 14,463        | -               |
| Other payables and accruals  | 10,912                        | 10,912        | -               |
| Lease liabilities            | 24,529                        | 24,529        | -               |
| Borrowings                   | 19,649                        | 19,649        | -               |
|                              | <u>69,553</u>                 | <u>69,553</u> | <u>-</u>        |
| <b>Company</b>               |                               |               |                 |
| Other payables and accruals  | 324                           | 324           | -               |
| Amount due to subsidiaries   | 4,251                         | 4,251         | -               |
|                              | <u>4,575</u>                  | <u>4,575</u>  | <u>-</u>        |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. Financial instruments (continued)

#### (c) Classification of financial instruments (continued)

The table below provides an analysis of financial instruments categories as follows (continued):

|                              | Carrying<br>amounts<br>RM'000 | AC<br>RM'000  | FVTPL<br>RM'000 |
|------------------------------|-------------------------------|---------------|-----------------|
| <b>2022</b>                  |                               |               |                 |
| <b>Financial assets</b>      |                               |               |                 |
| <b>Group</b>                 |                               |               |                 |
| Trade receivables            | 10,406                        | 10,406        | -               |
| Amount due from associates   | 29,164                        | 29,164        | -               |
| Other receivables            | 165                           | 165           | -               |
| Deposits                     | 6,413                         | 6,413         | -               |
| Cash and bank balances       | 27,322                        | 27,322        | -               |
| Short term cash investments  | 26,989                        | -             | 26,989          |
|                              | <u>100,459</u>                | <u>73,470</u> | <u>26,989</u>   |
| <b>Company</b>               |                               |               |                 |
| Amount due from subsidiaries | 7,849                         | 7,849         | -               |
| Amount due from associates   | 15,026                        | 15,026        | -               |
| Deposits                     | 2                             | 2             | -               |
| Cash and bank balances       | 921                           | 921           | -               |
| Short term cash investments  | 25,774                        | -             | 25,774          |
|                              | <u>49,572</u>                 | <u>23,798</u> | <u>25,774</u>   |
| <b>Financial liabilities</b> |                               |               |                 |
| <b>Group</b>                 |                               |               |                 |
| Trade payables               | 17,727                        | 17,727        | -               |
| Other payables and accruals  | 7,449                         | 7,449         | -               |
| Lease liabilities            | 26,180                        | 26,180        | -               |
| Borrowings                   | 19,840                        | 19,840        | -               |
|                              | <u>71,196</u>                 | <u>71,196</u> | <u>-</u>        |
| <b>Company</b>               |                               |               |                 |
| Other payables and accruals  | 278                           | 278           | -               |
| Amount due to subsidiaries   | 4,253                         | 4,253         | -               |
|                              | <u>4,531</u>                  | <u>4,531</u>  | <u>-</u>        |

#### (d) Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements are reasonable approximation of fair values.

The following summarises the methods used in determining the fair values of the financial instruments:

- (i) The financial assets and financial liabilities maturing within the next 12 months are reasonable approximation of fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amounts of the long-term amount due from subsidiaries, associates and borrowings approximate fair values as these instruments bear interest at variable rates.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. Fair value hierarchy

The fair values of the assets and liabilities are analysed into level 1 to 3 as follows:

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities:

#### Assets and liabilities for which fair values are disclosed:

|                              | Fair Value<br>RM'000 | Fair value measurement using |                   |                   |
|------------------------------|----------------------|------------------------------|-------------------|-------------------|
|                              |                      | Level 1<br>RM'000            | Level 2<br>RM'000 | Level 3<br>RM'000 |
| <b>2023</b>                  |                      |                              |                   |                   |
| <b>Assets</b>                |                      |                              |                   |                   |
| <b>Group</b>                 |                      |                              |                   |                   |
| Amount due from associates   | 33,909               | -                            | 33,909            | -                 |
| <b>Company</b>               |                      |                              |                   |                   |
| Amount due from subsidiaries | 8,925                | -                            | 8,925             | -                 |
| Amount due from associates   | 16,853               | -                            | 16,853            | -                 |
| <b>Liabilities</b>           |                      |                              |                   |                   |
| <b>Group</b>                 |                      |                              |                   |                   |
| Term loans                   | 15,407               | -                            | 15,407            | -                 |
| <b>2022</b>                  |                      |                              |                   |                   |
| <b>Assets</b>                |                      |                              |                   |                   |
| <b>Group</b>                 |                      |                              |                   |                   |
| Amount due from associates   | 29,164               | -                            | 29,164            | -                 |
| <b>Company</b>               |                      |                              |                   |                   |
| Amount due from subsidiaries | 6,922                | -                            | 6,922             | -                 |
| Amount due from associates   | 15,026               | -                            | 15,026            | -                 |
| <b>Liabilities</b>           |                      |                              |                   |                   |
| <b>Group</b>                 |                      |                              |                   |                   |
| Term loans                   | 15,274               | -                            | 15,274            | -                 |

During the financial year ended 31 March 2023 and 2022, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. Significant events during the financial year and significant events subsequent to the end of the financial year

#### **Significant event during the year**

On 15 August 2022, EIG Dermal Wellness (M) Sdn Bhd ("EIGDW"), a wholly-owned subsidiary of the Group signed a Distribution Agreement ("Agreement") with iiaa Limited ("iiaa"). The Agreement grants EIGDW the exclusive right to sell and distribute Advanced Nutrition Programme™ (ANP) supplement products in Malaysia, Brunei, Singapore, Thailand and Indonesia (the "Territory"), effective from 1 October 2022 and shall continue for an ongoing term until terminated by either party with six months' written notice.

#### **Significant event after the financial year end**

On 27 April 2023, EIG Dermal Wellness (S) Pte Ltd ("EIGSG"), a wholly-owned subsidiary of the Group signed a Distribution Agreement ("Agreement") with GHD Hong Kong Limited ("GHD"). The Agreement grants EIGSG the exclusive right to distribute GHD hair styling products through the professional hair salon channel in Singapore for an initial period of three (3) years effective from 1 May 2023 to 30 April 2026, and may be further extended or renewed as agreed between the Parties.

On 31 May 2023, EIG Haircare Sdn Bhd and EIG Dermal Wellness (S) Pte Ltd, whole-owned subsidiaries of the Group and its associate company, EIG Dermal Wellness (Thai) Co Ltd, signed the renewal of the exclusive Distribution Agreements (the "Agreements") with Davines SPA for Malaysia and Brunei, Singapore and Thailand (the "Territories") respectively. With the signing of the Agreements, the Group will continue to be the exclusive distributor for Davines professional hair care products in the Territories effective from 1 January 2023 through to 31 December 2027.

# Analysis

## Of Shareholdings As at 30 June 2023

Issued & Paid-Up Capital : RM128,768,000  
 Class of Shares : Ordinary Shares  
 Voting Rights : One Vote per Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS as at 30 June 2023

| Size of Shareholdings                    | No. of Shareholders | %      | No. of Shares | %      |
|--|---------------------|--------|---------------|--------|
| less than 100                            | 93                  | 8.61   | 1,832         | 0.00   |
| 100 to 1,000                             | 308                 | 28.52  | 171,210       | 0.07   |
| 1,001 to 10,000                          | 377                 | 34.91  | 1,946,866     | 0.82   |
| 10,001 to 100,000                        | 243                 | 22.50  | 7,631,380     | 3.22   |
| 100,001 to less than 5% of issued shares | 58                  | 5.37   | 69,656,180    | 29.37  |
| 5% and above of issued shares            | 1                   | 0.09   | 157,786,552   | 66.52  |
|  | 1,080               | 100.00 | 237,194,020   | 100.00 |

### SUBSTANTIAL SHAREHOLDERS as at 30 June 2023

|   | Name of Shareholders       | No. of Shares |       | Total                      |       |             |       |
|---|----------------------------|---------------|-------|----------------------------|-------|-------------|-------|
|   |                            | Direct        | %     | Indirect                   | %     | Total       | %     |
| 1 | Providence Capital Sdn Bhd | 161,503,352   | 68.09 | –                          | –     | 161,503,352 | 68.09 |
| 2 | Chieng Ing Huong           | –             | –     | 161,503,352 <sup>(1)</sup> | 68.09 | 161,503,352 | 68.09 |
| 3 | Roderick Chieng Ngee Kai   | 2,700,000     | 1.14  | 161,503,352 <sup>(2)</sup> | 68.09 | 164,203,352 | 69.23 |
| 4 | Brian Chieng Ngee Wen      | –             | –     | 163,700,952 <sup>(3)</sup> | 69.02 | 163,700,952 | 69.02 |
| 5 | Janet Chieng Ling Min      | 320,000       | 0.13  | 161,503,352 <sup>(4)</sup> | 68.09 | 161,823,352 | 68.22 |

<sup>(1)</sup> Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd

<sup>(2)</sup> Deemed interest by virtue of interest in Providence Capital Sdn Bhd

<sup>(3)</sup> Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd

<sup>(4)</sup> Deemed interest by virtue of her capacity as a director of Providence Capital Sdn Bhd

### DIRECTORS' SHAREHOLDINGS as at 30 June 2023

|   | Name of Shareholders     | No. of Shares held |      | Total                      |       |             |       |
|---|--------------------------|--------------------|------|----------------------------|-------|-------------|-------|
|   |                          | Direct             | %    | Indirect                   | %     | Total       | %     |
| 1 | Chieng Ing Huong         | –                  | –    | 161,503,352 <sup>(1)</sup> | 68.09 | 161,503,352 | 68.09 |
| 2 | Roderick Chieng Ngee Kai | 2,700,000          | 1.14 | 161,503,352 <sup>(2)</sup> | 68.09 | 164,203,352 | 69.23 |
| 3 | Brian Chieng Ngee Wen    | –                  | –    | 163,700,952 <sup>(3)</sup> | 69.02 | 163,700,952 | 69.02 |
| 4 | Janet Chieng Ling Min    | 320,000            | 0.13 | 161,503,352 <sup>(4)</sup> | 68.09 | 161,823,352 | 68.22 |

<sup>(1)</sup> Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd

<sup>(2)</sup> Deemed interest by virtue of interest in Providence Capital Sdn Bhd

<sup>(3)</sup> Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd

<sup>(4)</sup> Deemed interest by virtue of her capacity as a director of Providence Capital Sdn Bhd

# Analysis

## Of Shareholdings As at 30 June 2023 (Cont'd)

### LIST OF THIRTY LARGEST SHAREHOLDERS as at 30 June 2023

|    | NAME OF SHAREHOLDERS   | NO. OF<br>SHARES | %     |
|----|--|------------------|-------|
| 1  | PROVIDENCE CAPITAL SDN BHD   | 157,786,552      | 66.52 |
| 2  | TEH WAN SANG & SONS SDN BERHAD   | 7,600,000        | 3.20  |
| 3  | CBG HOLDINGS SDN BHD   | 6,000,000        | 2.53  |
| 4  | TEH LIP KIM  | 5,557,500        | 2.34  |
| 5  | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)                        | 5,191,400        | 2.19  |
| 6  | HUNG HIN CHEONG  | 4,000,000        | 1.69  |
| 7  | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR PROVIDENCE CAPITAL SDN BHD (PB)                                   | 3,716,800        | 1.57  |
| 8  | ATTRACTIVE FEATURES SDN. BHD.  | 3,000,000        | 1.26  |
| 9  | RODERICK CHIENG NGEE KAI   | 2,700,000        | 1.14  |
| 10 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR MOHAMMED ZHARIF BIN<br>MOHAMMED AZLAN  | 2,366,700        | 1.00  |
| 11 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR CORNERSTONE HOLDINGS SDN BHD (PB)                                 | 2,197,600        | 0.93  |
| 12 | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)                            | 2,078,700        | 0.88  |
| 13 | CHOW SHUK WAH KAREN  | 2,000,000        | 0.84  |
| 14 | TEO KWEE HOCK  | 1,989,800        | 0.84  |
| 15 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR KAN YOW KHEONG                             | 1,680,000        | 0.71  |
| 16 | LOH KOK WAI  | 1,676,900        | 0.71  |
| 17 | CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB<br>FOR KONG CHONG SOON @ CHI SUIM (PB)                                   | 1,635,500        | 0.69  |
| 18 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SUBUR RAHMAT SDN BHD            | 1,343,800        | 0.57  |
| 19 | LEE CHEE BENG  | 1,303,000        | 0.55  |
| 20 | SUSY DING  | 1,201,200        | 0.51  |
| 21 | ABDUL HAMID BIN SH MOHAMED   | 1,000,000        | 0.42  |
| 22 | CHOW SHUK WAH KAREN  | 1,000,000        | 0.42  |
| 23 | HUNG HIN CHEONG  | 1,000,000        | 0.42  |
| 24 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI                           | 1,000,000        | 0.42  |
| 25 | HANS PETER HOLST   | 650,000          | 0.27  |
| 26 | TEE KENG HOON  | 500,000          | 0.21  |
| 27 | TEO AH SENG  | 477,700          | 0.20  |
| 28 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR NONADIAH BINTI ABDULLAH<br>(7001174) | 456,500          | 0.19  |
| 29 | AU YONG MUN YUE  | 378,000          | 0.16  |
| 30 | LOOI BOON PING   | 351,100          | 0.15  |

# List of Properties As At 31 March 2023

| Location  | Description/<br>existing use  | Land<br>area<br>(sq. m.) | Built up<br>area of<br>building<br>(sq. m.) | Age of<br>building<br>(years) | Tenure   | Net book<br>value as<br>at<br>31.03.23<br>(RM '000) |
|---|---|--------------------------|---|-------------------------------|----------|---|
| <b>EIG Dermal Wellness (M) Sdn Bhd</b>  |   |                          |   |                               |          |   |
| Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan   | Industrial and office building<br>- Occupied by owner                 | 13,330                   | 9,078.49                                    | 17                            | Freehold | Land<br>10,032<br>Building<br>11,006                |
| Master title held under:<br>GRN 58804 Mukim of Damansara<br>District of Petaling, Selangor Darul Ehsan                                      |   |                          |   |                               |          |   |
| Villa Putra Condominium (D'Village)<br>Unit 33B-9-1, Jalan Tun Ismail, 50480 Kuala Lumpur   | Condominium unit with 3 bedrooms & 2 bathrooms<br>- Occupied by owner | N/A                      | 150   | 28                            | Freehold | 439   |
| Strata title held under:<br>Geran 73501 Bandar Kuala Lumpur<br>Wilayah Persekutuan  |   |                          |   |                               |          |   |
| The Summit Subang USJ<br>Lot No. LG47<br>Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan                            | Retail lot<br>- Tenanted  | N/A                      | 54.19                                       | 22.5                          | Freehold | 575   |
| Strata title held under:<br>Geran 43528 Pekan Subang Jaya<br>District of Petaling<br>Selangor Darul Ehsan                                   |   |                          |   |                               |          |   |
| Queensbay Mall Penang<br>GF-15, Ground Floor<br>Strata title held under:<br>Geran 97433 Mukim 12<br>District of Barat Daya<br>Pulau Pinang  | Retail lot<br>- Occupied by owner                                     | N/A                      | 46.00                                       | 16.5                          | Freehold | 367   |
| Queensbay Mall Penang<br>GF-12B, Ground Floor<br>Strata title held under:<br>Geran 97433 Mukim 12<br>District of Barat Daya<br>Pulau Pinang | Retail lot<br>- Occupied by owner                                     | N/A                      | 46.00                                       | 16.5                          | Freehold | 367   |

# List of Properties As At 31 March 2023 (Cont'd)

| Location   | Description/<br>existing use   | Land<br>area<br>(sq. m.) | Built up<br>area of<br>building<br>(sq. m.) | Age of<br>building<br>(years) | Tenure   | Net book<br>value as<br>at<br>31.03.23<br>(RM '000) |
|--|--|--------------------------|---|-------------------------------|--|---|
| <b>AsterSpring International Sdn Bhd</b>   |  |                          |   |                               |  |   |
| No. 26-R,<br>Jalan Masjid Negeri<br>11600 Penang   | Double storey<br>semi-detached<br>corner house<br>- Occupied by<br>owner | 369                      | 322.76                                      | 15                            | Freehold   | Land<br>1,021<br>Building<br>1,177                  |
| Title held under:<br>Geran 106022 Mukim of Bandar George Town<br>District of Timor Laut<br>Pulau Pinang                    |  |                          |   |                               |  |   |
| A-09-09 Empire Office<br>Empire Subang, Jalan SS16/1, 47500<br>Subang Jaya, Selangor Darul Ehsan                           | Commercial unit<br>- Tenanted  | N/A                      | 225.66                                      | 14                            | Freehold   | 2,253   |
| Title held under:<br>Geran 238145 Mukim of Bandar Subang Jaya<br>District of Petaling<br>Selangor                          |  |                          |   |                               |  |   |
| The above properties are located in Malaysia and have not been revalued and do not have any breach of land use conditions. |  |                          |   |                               |  |   |
| <b>Leonard Drake (HK) Limited</b>  |  |                          |   |                               |  |   |
| Suite 1808, 18/F, Elite Centre,<br>22 Hung To Road, Kwun Tong,<br>Kowloon, Hong Kong                                       | Industrial and office<br>building<br>- Occupied by<br>owner              | N/A                      | 394   | 12                            | 50 years<br>lease<br>expiring<br>12.02.2058                    | 17,995  |
| <b>EIG Global Pte Ltd</b>  |  |                          |   |                               |  |   |
| Paya Lebar Square<br>#09-27 to #09-31<br>60 Paya Lebar Road<br>409051 Singapore  | Office building<br>- Occupied by<br>owner                                | N/A                      | 505   | 8.5                           | 99 years<br>lease<br>expiring<br>24.07.2110                    | 38,938  |
| <b>PT EIG Dermal Wellness Indonesia</b>  |  |                          |   |                               |  |   |
| Rukan Puri Niaga II, Jl. Puri Kencana Blok J1<br>No. 3P & 3Q, Kembangan Selatan, Jakarta<br>Barat 11610, Indonesia         | Office building<br>- Occupied by<br>owner                                | N/A                      | 166   | 21                            | 30 years<br>lease<br>expiring<br>March 2029<br>and Aug<br>2035 | 4,515   |
| Land certificate No. 2956 & 05535<br>Kembangan Selatan<br>District of Kembangan, Jakarta Barat                             |  |                          |   |                               |  |   |

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Sixth Annual General Meeting of the Company will be held at the Auditorium, Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 27 September 2023 at 10.00 a.m. to transact the following businesses:-

## AGENDA

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Directors' and Auditors' Reports thereon.   | <b>Please refer to Explanatory Note A</b> |
| 2. | To approve the payment of a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 March 2023.   | Resolution 1                              |
| 3. | To re-elect the following Directors who are retiring pursuant to Article 103 of the Company's Constitution:  |   |
|    | a) Mr Chieng Ing Huong   | Resolution 2                              |
|    | b) Ms Janet Chieng Ling Min  | Resolution 3                              |
| 4. | To re-elect the following Director who is retiring pursuant to Article 112 of the Company's Constitution - Mr Boh Boon Chiang  | Resolution 4                              |
| 5. | To approve the payment of Directors' fees of RM201,000 for the financial year ended 31 March 2023.   | Resolution 5                              |
| 6. | To approve the payment of Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM103,000 from 27 September 2023 until the next AGM of the Company. | Resolution 6                              |
| 7. | To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the company for the ensuing year and to authorise the Directors to fix their remuneration.                                     | Resolution 7                              |
| 8. | To consider any other business that can be transacted in an annual general meeting of which due notice shall have been received.   |   |

## As Special Business

To consider and, if thought fit, to pass the following Resolution:-

- |    |  |              |
|----|--|--------------|
| 9. | <b>ORDINARY RESOLUTION</b><br><b>Authority to Issue and Allot Shares</b> | Resolution 8 |
|----|--|--------------|

THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("MMLR") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75(1) and 76(1) of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.

AND THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 59 of the Constitution of the Company, the shareholders of the Company do hereby approve that the pre-emptive rights to new shares that may be issued and allotted as above shall not apply.

BY ORDER OF THE BOARD

**LEE WAI NGAN** (PC 201908003497 / LS 00184)  
Secretary

Shah Alam, Malaysia  
31 July 2023

# Notice of Annual General Meeting (Cont'd)

## NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of the attorney.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 September 2023 ("General Meeting Record of Depositors") and only a Depositor whose name appears in the General Meeting Record of Depositors shall be entitled to attend this meeting.

## EXPLANATORY NOTE A

7. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

## EXPLANATORY NOTE ON RESOLUTION 7

### 8. Resolution 6 – Directors' Benefits

Section 230(1) of the Act requires that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at this AGM for the payment of benefits payable to Non-Executive Directors ("NEDs") for the period from 27 September 2023 up to the next AGM. The estimated amount of Directors' Benefits for the period from 27 September 2023 up to the next AGM amounts to RM103,000. The benefits comprise meetings allowance and service vouchers. In the event that the proposed Directors' fees and benefits payable to NEDs are insufficient due to an enlarged size of the board of directors, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

## EXPLANATORY NOTES TO THE SPECIAL BUSINESS

### 9. Resolution 8 - Authority to Issue and Allot Shares

Ordinary Resolution 8, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued Share Capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The mandate sought is a renewal of the mandate given by the Shareholders of the Company at the Twenty-Fifth Annual General Meeting held on 28 September 2022.

The purpose for the renewal of the general mandate is to avoid any delay and additional costs in convening a general meeting to specifically approve such an issue of shares in the event of any possible fund raising activities for the purpose of funding future investments, expansion, additional working capital, etc. which may require the allotment and issuance of new shares.

**ESTHETICS INTERNATIONAL GROUP BERHAD**

(Company No. 408061-P)

(Incorporated in Malaysia)



**Proxy Form**

| CDS Account No. | No. of Shares Held |
|-----------------|--------------------|
|                 |                    |

I/We, .....

NRIC/Company No. ....

being a member/members of ESTHETICS INTERNATIONAL GROUP BERHAD hereby appoint

| Full Name (IN BLOCK LETTERS) | NRIC / Passport No. | Proportion of Shareholdings |   |
|------------------------------|---------------------|-----------------------------|---|
|                              |                     | No. of Shares               | % |
| Full Address                 |                     |                             |   |

and/or failing him/her

| Full Name (IN BLOCK LETTERS) | NRIC / Passport No. | Proportion of Shareholdings |   |
|------------------------------|---------------------|-----------------------------|---|
|                              |                     | No. of Shares               | % |
| Full Address                 |                     |                             |   |

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at the Auditorium, Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 27 September 2023 at 10.00 a.m. and at any adjournment thereof in respect of my/our shareholdings in the manner indicated below:

| No.          | Resolution   | For | Against |
|--------------|--|-----|---------|
| Resolution 1 | To approve the payment of a Final Dividend for the financial year ended 31 March 2023  |     |         |
| Resolution 2 | To re-elect Chieng Ing Huong as Director of the Company  |     |         |
| Resolution 3 | To re-elect Janet Chieng Ling Min as Director of the Company   |     |         |
| Resolution 4 | To re-elect Boh Boon Chiang as Director of the Company   |     |         |
| Resolution 5 | To approve the payment of Directors' fees for the financial year ended 31 March 2023   |     |         |
| Resolution 6 | To approve the payment of Directors' benefits up to an amount of RM103,000 from 27 September 2023 until the next AGM of the Company. |     |         |
| Resolution 7 | To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company.   |     |         |
| Resolution 8 | To authorise the Directors to Issue and Allot Shares   |     |         |

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit).

Dated this .....day of ..... 2023

.....  
Signature of Member / Common Seal

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of the attorney.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 September 2023 ("General Meeting Record of Depositors") and only a Depositor whose name appears in the General Meeting Record of Depositors shall be entitled to attend this meeting.

Then Fold here

---

AFFIX  
STAMP

*The Company Secretary*

**ESTHETICS INTERNATIONAL GROUP BERHAD** (199601035708/408061-P)

Lot 11, Jalan Astaka U8/88  
Bukit Jelutong, Seksyen U8  
40150 Shah Alam  
Selangor Darul Ehsan  
Malaysia.

---

First Fold here

ASTER  SPRING

your **#GreatSkinHealth**  
our journey together

**SIGNATURE** Bangsar Village II 019-217 3201 • Empire Shopping Gallery 019-227 0531 • Paradigm Mall 019-609 9983 • Publika 019-262 9052  
• Suria KLCC 019-383 0557 • Green Lane Penang 013-209 0128 **KUALA LUMPUR** Bangsar Shopping Centre 019-382 2795 • Cheras Leisure Mall  
019-382 2582 • Hartamas Shopping Centre 019-382 2906 • Melawati Mall 019-383 0236 • Metro Prima Kepong 019-382 2790 • Mid Valley  
Megamall 019-382 2921 • Pavilion KL 019-383 0167 • Sunway Velocity 019-382 2597 **SELANGOR** I Utama Shopping Centre 019-383 0087  
• Bandar Bukit Tinggi 019-383 0258 • IOI Mall Puchong 019-382 3089 • Metro Point Kajang 019-382 2690 • Setia City Mall 019-609 9917  
• Sunway Pyramid 019-382 3098 • The Starling 019-383 0568 **PUTRAJAYA** Alamanda Shopping Centre 019-382 2631 • IOI City Mall 019-985 4584  
**PENANG** Gurney Plaza 019-383 0286 • Queensbay Mall 019-383 0356 • Seberang Jaya 019-382 2982 • Straits Quay 019-609 9877 **JOHOR** AEON Mall  
Tebrau City 019-382 3207 • The Mall, Mid Valley SouthKey 019-262 9563 **KELANTAN** AEON Mall Kota Bharu 019-382 2968 **DERMALOGICA KIOSK**  
I Utama Shopping Centre 016-223 8299 • Pavilion KL 019-383 0173



**ESTHETICS INTERNATIONAL GROUP BERHAD** (Company No. 199601035708/408061-P)

Lot 11, Jalan Astaka U8/88

Bukit Jelutong, Seksyen U8

40150 Shah Alam

Selangor Darul Ehsan

Malaysia

Tel: +603-7809 6688 | Fax: +603-7809 6699