wellness

ANNUAL REPORT 2021

skin health

beauty

EIG BRINGING OUT THE BEST IN YOU

bringing out the best in you

skin health. beauty. wellness

vision

- the 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

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ASTERSPRING

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1 AsterSpring Virtual Event
2 AsterSpring Virtual Skin Health Party
3 Activations with influencers
4 Our relaunched AsterSpring salon at Mid Valley MegaMall KL
5 Our relaunched AsterSpring Signature salon at Suria KLCC
6 Dermalogica Consultation Pod, Yata @ New Town Plaza, Hong Kong
7 Our new AsterSpring at Parkway Parade, Singapore
8 Our new AsterSpring at Northpoint City, Singapore
9 AsterSpring at Alamanda Shopping Centre, Putrajaya

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clinelle
Calm + Care
Soothed & Calmed
skin after 1st application!*
DERMATOLOGICALLY TESTED
MADE IN FRANCE
Hypoallergenic
clinelle
Calm + Care
Treatment Serum
Repair, restore & protect
For Sensitive skin
clinelle
Calm + Care
Treatment Cream
Hydrate, rebalance & reshield
For Sensitive skin
ELLA Chen 陈嘉桦
International Artiste
Ultra Soothing Complex
Pre/Probiotic
Double HA
Vitamin E
7 Nos
No Artificial Fragrance
No Artificial Colouring
No Comedogenic Ingredients
No Mineral Oil
No SD-alcohol
No Lanolin
No Paraben
Available at: AEON Wellness, Guardian, Watsons & Selected Independent Pharmacies
mycinelle
www.clinelle.com

1 Clinelle Calm+Care Virtual Launch with Celebrity Ambassador Ms Ella Chen

2 Clinelle Calm+Care LiveEvent with Clinelle Ambassador Shima Anuar and Dato' Dr Noor Zalmy Azizan

3 Reaching Consumers with Virtual Workshops

4 Live events with our Retail partners to reach consumers

5 Clinelle Hot Body Shaper Cream KOL and Consumer Challenge

6 Nurish Organiq Vitamin C+E Launch

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6


new
smart
response
serum
delivers what
skin needs,
when + where
needed
dermalogica
hydrate
brighten
soothe
firm
dermalogica_my
Dermalogica Malaysia
dermalogica

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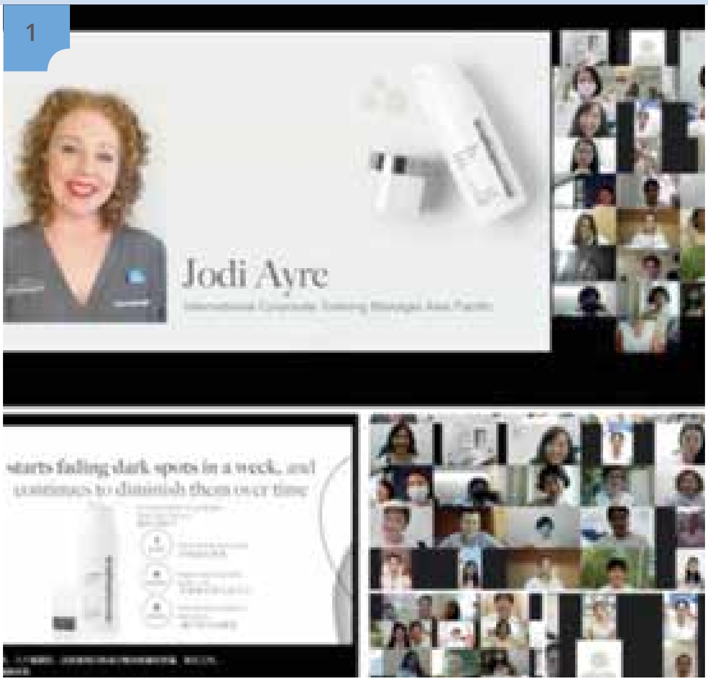

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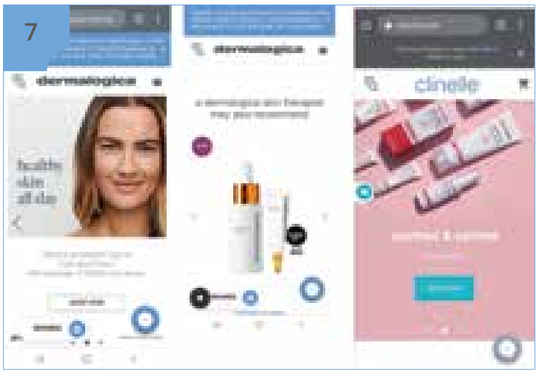

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1 Our Virtual Launch for the Dermalogica PowerBright Dark Spot Serum

2 Reaching new consumers with Aeon Wellness

3 Virtual Events for Consumer Outreach

4 Dermalogica HydroMasque Exfoliant Launch

5 Haircare Virtual Events

6 Launch of Davines’ A Single Shampoo

7 Growing in ecommerce with our new Webshops

8 Our flagship stores on leading ecommerce marketplaces

9 Ocean Keeper Event with WWF Thailand

GROUP DIRECTORY

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

GROUP DIRECTORY (cont'd)

CORPORATE OUTLET LOCATION
as at 15 AUGUST 2021

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

Selangor
- One Utama Shopping Centre
- Sunway Pyramid Shopping Centre
- IOI Mall, Puchong
- SACC Mall, Shah Alam
- Bukit Tinggi, Klang
- Metro Point, Kajang
- Setia City Mall
- Paradigm Mall, Kelana Jaya
- Empire Shopping Gallery, Subang
- Atria Shopping Gallery
- IOI City Mall
- The Starling Mall

Putrajaya
- Alamanda Shopping Centre

Penang
- Greenlane
- Gurney Plaza
- Queensbay Mall
- Straits Quay
- 1st Avenue Mall
- Seberang Jaya

Kelantan
- Aeon Mall, Kota Bahru

Johor
- Aeon Tebrau City Shopping Centre
- Southkey Megamall

INDONESIA

- Sogo, Kelapa Gading *
- Sogo, Alam Sutera *
- Sogo, Lippo Mall Puri *
- Sogo, Plaza Senayan *
- Seibu Grand Indonesia *
- Sogo, Emporium Pluit *
- Sogo, Tunjungan Plaza IV *
- Sogo, Lippo Karawaci *
- Sogo, Paris Van Java Bandung *
- Sogo, Pondok Indah Mall *
- Sogo, Central Park *
- Sogo, Discovery Bali *
- Sogo, Galaxy *
- Sogo, Pakuwon *
- Sogo, Sun Plaza Medan *
- Sogo, Deli Park Medan *

SINGAPORE

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

THAILAND

- Life Centre, Sathorn
- Siam Square One, Bangkok
- Central, Pinklao *
- Emporium *
- 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, Bangkapi *

HONG KONG

- Century Square, Central
- Sogo, Tsim Sha Tsui *
- Manning House, Central *
- Aeon Style, Kornhill *
- Windsor House, Causeway Bay *
- Langham Place, Mongkok *
- Yata, Shatin *

** Kiosks*

CORPORATE STRUCTURE

EIG esthetics international group

MALAYSIA

- 100% AsterSpring International Sdn Bhd
- 100% EIG Dermal Wellness (M) Sdn Bhd
- 100% EIG Pharma Asia Sdn Bhd
- 100% EIG Haircare Sdn Bhd
- 100% EIG Ecommerce Sdn Bhd
- 100% Esthetics and Wellness International Sdn Bhd
- 100% EIG Prestige Cosmetics Sdn Bhd
  - 100% Klientec Biz-Solution Sdn Bhd
- 100% Beuxstar Sdn Bhd
- 100% EIG Management Services Sdn Bhd
- 100% Leonard Drake (M) Sdn Bhd
- 100% Clinelle (M) Sdn Bhd
- 100% Averine (Malaysia) Sdn Bhd
- 100% Head To Toe Skin Care Centre (KL) Sdn Bhd

SINGAPORE

- 100% EIG Global Pte Ltd
  - 100% AsterSpring International (S) Pte Ltd
  - 100% EIG Dermal Wellness (S) Pte Ltd
- 100% Lexwel International (S) Pte Ltd

HONG KONG

- 100% AsterSpring International (HK) Co. Limited
- 100% EIG Dermal Wellness (HK) Limited
- 100% Leonard Drake (HK) Limited
- 100% Lexwel International Pte Limited

INDONESIA

- 99% PT EIG Lexwel
- 99.9% / 0.1% PT EIG Dermal Wellness Indonesia

BRUNEI

- 99.0% / 1.0% EIG Dermal Wellness (B) Sdn Bhd

THAILAND

- 100% EIG (Thailand) Co Ltd
  - 49% Wellnax (Thai) Co Ltd
  - 48.9% Dermal Wellness International Co Ltd
    - 100% EIG Dermal Wellness (Thai) Co Ltd
    - 100% AsterSpring International (Thai) Co Ltd

PHILIPPINES

- 100% EIG Philippines Inc.

OTHERS

- 100% EIG Global (US) Inc.

LEGEND

- Investment Holding
- Product Distribution
- Professional Services & Sales
- Other Services
- Dormant


clinelle®
Keep your skin Shine Free
& Blemish Free!
Clay Series
clinelle
Purifying Clay Mask
Refine, repair & moisturize
Tea Tree Oil
Charcoal
Hyaluronic Acid
clinelle
Purifying Clay Cleanser
Cleanse, purify & soothe
clinelle
Purifying Serum
8x
Anti-Blemish & Acne Control Action
Infused with Hazel Extracts & other natural ingredients for 8X Anti-Blemish & Acne Control Action.
Control Oil
Clear Blemishes
Lighten Marks
DERMATOLOGICALLY TESTED
MADE IN KOREA
7 Nos
No Artificial Fragrance
No Artificial Colouring
No Comedogenic Ingredients
No Mineral Oil
No SD-alcohol
No Lanolin
No Paraben
Available at: AEON Wellness, Guardian, Watsons & Selected Independent Pharmacies.
A trusted skincare brand by EIG Berhad
Hotline:
myclinelle
clinelle
www.clinelle.com

CORPORATE INFORMATION

PRINCIPAL BUSINESS

With 37 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

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 1,800 independent professional salons across the region.

EIG is the exclusive distributor for a number of leading international brands such as Dermalogica professional skincare, Youngblood mineral cosmetics, Davines professional haircare, Tisserand Aromatherapy 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, and distributes Herbacin personal care products through over 1,600 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 an organic halal skincare range, which is safe and delivers proven results.

(b) Corporate Salons

EIG owns and operates 83 corporate outlets comprising 45 AsterSpring skin care salons and 38 retail stores and department store counters strategically located in key shopping malls and retail locations in Malaysia, Singapore, Hong Kong, Thailand and Indonesia. AsterSpring is today a leading chain of professional skin care salons in Asia with millions of faces treated over 37 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)
Dato' Christopher Chan Choun Sien
(Senior Independent Non-Executive Director)
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:
Dato' Christopher Chan Choun Sien

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

NOMINATING COMMITTEE

Chairman:
Dato' Christopher Chan Choun Sien

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
Dato' Christopher Chan Choun Sien

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 (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

		31.03.2017	31.03.2018	31.03.2019	31.03.2020	31.03.2021
Revenue	(RM'000)	160,937	159,278	168,163	170,598	129,481
EBITDA	(RM'000)	26,039	9,796	17,668	33,417	26,340
Profit Before Tax	(RM'000)	18,875	4,292	13,299	8,502	2,533
Profit After Tax	(RM'000)	13,349	1,337	9,847	5,162	2,072
Net Profit Attributable To Equity Holders	(RM'000)	13,349	1,337	9,847	5,162	2,072
Total Assets	(RM'000)	256,454	241,602	247,488	265,628	266,258
Total Liabilities	(RM'000)	76,085	68,782	71,170	91,127	92,150
Shareholders' Equity	(RM'000)	180,369	172,820	176,318	174,501	174,108
Cash And Short term cash investments	(RM'000)	73,946	73,877	71,821	62,462	61,513
Number Of Shares	('000)	237,194	237,194	237,194	237,194	237,194
Earnings Per Share	(Sen)	5.70**	0.56	4.15	2.18	0.87
Net Assets Per Share	(RM)	0.76	0.73	0.74	0.74	0.73
Return On Equity	(%)	7.4%	0.8%	5.6%	3.0%	1.2%
Return On Total Assets	(%)	5.2%	0.6%	4.0%	1.9%	0.8%
Gearing Ratio	(times)	0.1	0.1	0.1	0.1	0.1
Dividend Per Share	(Sen)	3.0	3.0	3.0	1.75	1.0
Share Price As At Financial Year End	(RM)	0.92	0.60	0.66	0.51	0.42

** Based on weighted average number of ordinary shares of 234,376,000

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 2021 (FY2021).

At the time of writing, the COVID-19 pandemic is an ongoing global healthcare crisis of unprecedented scale. Governments across the world have responded with extensive lockdowns and social restrictions to control the spread of COVID-19, impacting many economic sectors including the beauty and wellness industry that we operate in.

In Malaysia, the first Movement Control Order ('MCO 1.0') came into effect on 18 March 2020 until 9 June 2020, while in Singapore the Circuit Breaker was implemented from 4 April 2020 to 1 June 2020. In Thailand, all shopping malls, salons and non-essential retailers in major cities were required to close from 22 March 2020 to 17 May 2020 while in Indonesia, the full PSBB was implemented across most major cities from 10 April 2020. In Hong Kong, all skin care salons were required to close from 8 April 2020 for one month and subsequently from 14 July 2020 to 28 August 2020, and a third round from 10 December 2020 to 18 February 2021.

Further waves and resurgences of the virus resulted in Malaysia implementing the second MCO (MCO 2.0) from 13 January 2021 to 5 March 2021, and most recently the third MCO (MCO 3.0) from 13 May 2021 and a full lockdown from 1 June 2021 which remains ongoing at the time of writing. Similarly, the resurgence of the virus saw heightened restrictions come into effect in Singapore from 16 May 2021 to 13 June 2021, and skin care salon closures in Thailand from 26 April 2021 which remains ongoing at the time of writing.

These various lockdowns in the region generally required closure of all of the Group's AsterSpring professional skin care salons and retail counters, as well as the independent skin and hair salons which we distribute to. There were also periods where salons were not allowed to render facial treatments, which is a major source of revenue for salons, and only open for retail. The lower shopper traffic to pharmacies also resulted in lower sales for the Group's FMCG business.

In response, we activated business continuity plans with teams working remotely from home, focused on engaging with consumers digitally through digital marketing, social media, as well as virtual events and consultations, and increased our contribution from ecommerce.

We also implemented strict hygiene and safety protocols in our AsterSpring salons and advocated similar principles with our independent dealers to prioritise the health and wellbeing of our frontline staff and our customers. We also implemented various cost management initiatives and sought rental rebates to mitigate our fixed operating expenses.

The Group's profit margins were also impacted by elevated inventory costs due to the weak Malaysian Ringgit, which remained near historical lows against the US Dollar, and aggressive promotions required given the cautious consumer sentiment while building our brands with innovative marketing strategies.

Against this backdrop, our Group achieved revenue of RM129.5 million for FY2021 which was 24.1% lower than FY2020, and profit before tax of RM2.5 million as compared to RM8.5 million for FY2020.

DIVISIONAL PERFORMANCE

a) Professional Services and Sales (Corporate Outlets)

EIG continues to be a leading chain of professional skincare salons in ASEAN and Hong Kong with 83 wholly-owned AsterSpring professional skincare salons, retail kiosks and department store counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia.

With 37 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.

For the year under review, Corporate Outlets achieved revenue of RM72.2 million, representing 56% of Group revenue. The revenue result was 27.8% lower than FY2020 with an operating profit of RM2.4 million as compared to RM8.9 million for FY2020.

During the fiscal year, we opened 3 new AsterSpring professional skincare salons in Malaysia and Singapore, and 2 new department store counters across Hong Kong and Thailand. We also rationalised certain outlets where the business potential was not as expected in order to refocus the Group's resources to areas with higher potential, and focused more on telemarketing and virtual events to support our consumers' skin health needs in light of the COVID-19 pandemic.

We also focused on developing and upgrading our teams and professional skin treatments so that we can continue to deliver trusted, safe and efficacious skin health solutions to our customers.

b) Product Distribution

Product Distribution relates to the Group's Professional Distribution and Fast Moving Consumer Goods (FMCG) business units and represented 37.5% of our Group's revenue in FY2021.

Professional Distribution is our distribution network to more than 1,800 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, Youngblood mineral cosmetics, Tisserand Aromatherapy, Bioxil Innertreats health supplements and Depileve professional waxing systems.

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

Product Distribution recorded revenue of RM48.6 million for FY2021, which was 28.8% lower than FY2020. The segment reported an operating loss of RM3.9 million as compared to an operating loss of RM1.5 million in FY2020.

For Professional Distribution, we continue to focus on developing our distribution networks and brands while supporting our independent salons with innovative marketing and education programs. During the year, we launched new product innovations with media, influencers and customers, and focused on increasing our engagement with consumers digitally and growing our brand awareness with influencers.

For FMCG, Clinelle and Nurish Organiq continue to be positioned as key growth brands in the mass market. During the year, we had the exciting launch of our new Clinelle Purifying Clay Cleanser, Clay Mask and Serum for oily and acne-prone skin as well as our Calm+Care range for sensitive skin. For Nurish Organiq, our halal and organic skincare brand, we launched our Vitamin E+C Range which helps lighten scarring while soothing and restoring the skin.

c) Ecommerce and Others

We continued to focus on growing ecommerce across the countries that we operate with our own branded ecommerce sites, flagship stores on selected marketplaces as well as working with selected e-tailers. Ecommerce generated RM8.6 million in revenue for FY2021, as compared to revenue of RM2.2 million for FY2020.

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, particularly the COVID-19 pandemic. In order to build consumer confidence to return to our Corporate Outlets following the COVID-19 pandemic, we have implemented strict SOPs to ensure the safety and hygiene of our customers. Apart from that, we focus on building our brand awareness and tactically promoting our offerings to recruit new consumers as well as incentivise repeat purchase from existing customers, with products and treatments which deliver results.

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. However, this risk is partially offset by the fact that approximately 40% 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 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 managed 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 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 tailor our product and service offerings to remain relevant while prioritising our belief in focusing on long-term health, wellness and sustainability.

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

Liquidity and Capital Resources

During the year, we invested RM2.7 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 RM62 million in cash and short term cash management funds as at the reporting date. Net of borrowings of RM21 million which were solely drawn to part-finance the previous purchase of our corporate offices in Singapore and Hong Kong, our Group has net cash of RM41 million to strategically apply towards the future development of the business. We also have capacity to raise further financing as required for strategic opportunities with our low gearing ratio of 0.12 times.

MOVING FORWARD

At the time of writing, the MCO3.0 continues to be in effect in Malaysia and it is not certain when skin care and hair salons will be able to fully reopen. While various COVID-19 vaccines have been developed, these are still in early and varying stages of rollout across our Group's markets and it is not certain yet when herd immunity will be achieved. During this time, there may be further mutations and waves of COVID-19, and social restrictions to mitigate the spread.

In this period of uncertainty, the Group continues to focus on remaining agile, adapting to the new business environment and managing our cash resources, while positioning for potential recovery when salons and retail outlets are able to operate more in a more normal environment.

Acknowledging the near-term uncertainties and 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 light of the unprecedented environment and impact of the COVID-19 and while still appreciating our shareholders' support for the Group, the Board has recommended a final dividend of 0.5 sen (RM1.2 million) for FY2021 for shareholder approval at the upcoming twenty-fourth (24th) Annual General Meeting.

Combined with the interim dividend of 0.5 sen (RM1.2 million) which was paid on 15 January 2021, this equates to a full-year dividend of 1.0 sen per share amounting to RM2.4million for FY2021. Depending on the economic conditions going forward, our aim is for a stable to positive dividend payout over the long-term.

APPRECIATION

On behalf of the Board, I would like to express our gratitude and 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 appreciate and thank the management team and each of the over 800 members of the EIG family around the region for their professionalism, enthusiasm 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

VIRTUAL ACTIVITIES & SOCIAL MEDIA

dermalogica TISSERAND AROMATHERAPY davines Bio-Therapeutic Nurish ORGANIQ clinelle bioxil innertreats

DIRECTORS' PROFILE

Executive Chairman

EDDY
Chieng Ing Huong

EDDY CHIENG ING HUONG, Malaysian, male, aged 63, 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, Oroton 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.

Group Managing Director and Chief Executive Officer

RODERICK
Chieng Ngee Kai

RODERICK CHIENG NGEE KAI, Malaysian, male, aged 37, 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

BRIAN CHIENG NGEE WEN, Malaysian, male, aged 35, 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
Executive Director

JANET CHIENG LING MIN, Malaysian, female, aged 30, 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)

DATO' CHRISTOPHER CHAN CHOUN SIEN
Senior Independent Non-Executive Director

DATO' CHAN, Malaysian, male, aged 50, was appointed as an Independent Non-Executive Director of the Company on 13 July 2020. He is also the Chairman of the Audit and Risk Committee and Nominating Committee, and a member of the Remuneration Committee.

Dato' Chan was a former Managing Director of Investment Banking at CIMB Investment Bank. He has over 24 years of experience in some of the largest mergers and acquisitions ("M&A") in Malaysia, IPOs, equity and debt fund raisings and corporate restructuring exercises, as well as regional private banking in Southeast Asia. He was named as one of the top 10 investment bankers in Asia (ex-Japan) by Brendan Wood International Journal in 2006.

Dato' Chan is currently the President of the Malaysian Mergers and Acquisitions Association, a body representing M&A practitioners in Malaysia. He is also presently the Deputy Chairman of the Finance and Capital Market Consultative Committee of the Associated Chinese Chambers of Commerce and Industry Malaysia.

Dato' Chan graduated with a Bachelor of Laws (Hons) and Bachelor of Commerce from the University of Melbourne. He attended the INSEAD-CIMB Leadership Programme (2010-2011). He is also a Certified Practising Accountant (CPA Australia).

Dato' Chan is also an independent director of Rubberex Corporation (M) Berhad, Selangor Dredging Berhad, Tan Chong Motor Holdings Berhad and the independent non-executive Chairman of Hextar Industries Berhad (formerly known as SCH Group Berhad).

DATO' DR NOOR ZALMY AZIZAN BTE MOHD. ALI AZIZAN
Independent Non-Executive Director

DATO' DR NOOR ZALMY AZIZAN BTE MOHD. ALI AZIZAN, Malaysian, female, aged 53, 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 Consultant Dermatologist at Hospital Kuala Lumpur and a visiting consultant at Thomson Hospital Kota Damansara. She has been a qualified consultant dermatologist since 2004 and heads The Laser Unit at the Department of Dermatology, Hospital Kuala Lumpur. Dato' Dr Zalmy is also an Honorary Lecturer of National University of Malaysia Medical Centre (PPUKM), MAHSA University 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 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 the Dermatological Drug Advisory Committee for the Ministry of Health Malaysia, National Dermatology Registry, Asian Academy of Dermatology and Venerology, and the National Aesthetic Practice Credentialing and Privileging Board.

CORINA LOI WEI SIN
Independent Non-Executive Director

CORINA LOI WEI SIN, Malaysian, female, aged 61, 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 56, 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.


Nurish ORGANIQ
4X Aksi Pemudaran Parut
untuk kulit Berseri & Bebas Cela
Mengandungi 1,000 I.U. Vitamin E dan Minyak Rosehip
Nurish ORGANIQ
Pembersih Wajah
Vitamin E +C
Facial Cleanser
4X Aksi Pemudaran Parut
Diuji secara dermatologi
Nurish ORGANIQ
Penyegar Wajah
Vitamin E +C
Face Toner
Nurish ORGANIQ
Krim Wajah
Vitamin E +C
1,000 I.U.
Face Cream
Diuji secara dermatologi
Selamat, Yakin dan Suci
Tanpa Pewarna Tiruan
Tanpa Minyak Mineral
Tanpa Komedogenik
Tanpa SD-Alkohol
Tanpa Lanolin
Tanpa Sulfat
Tanpa Paraben
Diuji Secara Dermatologi
Boleh didapati di: AEON Wellness, Guardian, Watsons dan independen farmasi tertentu.
Hotline: +603-7809 6636
nurishorganiqmy
nurishorganiq
www.nurishorganiq.com

CORPORATE GOVERNANCE OVERVIEW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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.

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 and as such are able to effectively discharge their duties and responsibilities. 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 30 June 2020 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. 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 to ensure the Directors are able to make informed decisions.

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.

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.

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:

- Dato' Christopher Chan Choun Sien – Chairman
- Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan - Member
- Corina Loi Wei Sin - Member
- Rosie Hong May Kwee – Member

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
- Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan – Member
- Dato' Christopher Chan Choun Sien – Member

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.

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 June 2020 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 2021.

(iii) The Nominating Committee

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

- Dato' Christopher Chan Choun Sien – Chairman
- Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan - Member
- Corina Loi Wei Sin - Member
- Rosie Hong May Kwee – Member

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 in terms of the appropriate size and balance between Executive Directors, Non-Executive Directors and Independent Directors. 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 30 June 2020.

(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.

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, where no Director was absent for more than 50% of the total Board Meetings held during the financial year ended 31 March 2021, complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

	30.06.2020	18.08.2020	26.11.2020	24.2.2021
Eddy Chieng Ing Huong	√	√	√	√
Roderick Chieng Ngee Kai	√	√	√	√
Brian Chieng Ngee Wen	√	√	√	√
Janet Chieng Ling Min	√	√	√	√
Dato' Christopher Chan Choun Sien ^	n/a	√	√	√
Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan	√	√	√	√
Corina Loi Wei Sin	√	√	√	√
Rosie Hong May Kwee	√	√	√	√
Tony Lee Cheow Fui*	√	n/a	n/a	n/a

^ Appointed on 13 July 2020
* Resigned on 13 July 2020

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. This provides an opportunity for shareholders to renew their mandate. 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.

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 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. Throughout the financial year under review, the Directors attended various briefings, conferences, seminar programmes and speaking engagements covering areas that included corporate governance, leadership, relevant industry updates and global business developments.

The conferences, seminars and training programmes attended by Directors during the financial year ended 31 March 2021 included the following:-

- ✓ The Phonex and he Ashes: Winners and the Losers of Covid-19
- ✓ Industrial Real Estate: Persuing Trends of the New E-Commerce (webinar)
- ✓ Retail: Brick and Mobile Shopping (webinar)
- ✓ Davines International Partner Conference
- ✓ Sharing Knowledge: Artificial intelligence 101: Empowering your practice with proven principles
- ✓ Dermalogica Distributor Virtual Strategy Session
- ✓ Building Your Profile as A Difference Maker-Jaint Webinar by CA ANS & Advisory Board Centre
- ✓ Debt Restructuring Talk
- ✓ Davines APAC Distrbutor Conference
- ✓ CA ANZ Asia Webinar on Diversity - Fireside Chat with CEO Ainslie van Onselen
- ✓ Webinar: DBS Bank 1st Half 2021 Market Outlook - A New Hope
- ✓ Webinar: ACCA & CA ANZ Joint Asia Pacific Webinar - Growth Recovery Leveraging on Analytics Driven Forward-Based Insights
- ✓ Webinar: AFA – ICAEW Bitesize Webinar, Has COVID-19 Changed Work Forever
- ✓ Dermalogica APAC Distributor Marketing Meeting (Digital)
- ✓ Webinar: Heading into the new normal - Leveraging talent and diversity Confirmation
- ✓ Davines International Partner Conference (Digital)
- ✓ Webinar: 2021 Capital Market and the Importance of Bursa (The Exchange)
- ✓ CA ANZ HK Start-up Entrepreneurship Panel Session
- ✓ A Dialogue with Boardroom and Shearn Delamore & Co. on COVID-19: Legal matters & Boardroom Affairs
- ✓ HSBC x MDEC: Digital Transformation for Malaysian Corporates
- ✓ Face to Face with Innovators - Jonas Kjellberg (Digital Conference)
- ✓ Transfer Pricing Updates/ Embrace change in turbulent times (Live Webinar)
- ✓ Southeast Asia Webinar: Rise Above Covid-19
- ✓ Virtual Conference: Survive to Thrive
- ✓ Virtual Conference: The Power of Networks
- ✓ Webinar: Wellness, The New Norm - Creating Sustainable Wellness Real Estate Developments
- ✓ 9th Young Entrepreneurs Conference 2020 (Virtual)
- ✓ Webinar: Are there still opportunities in the Tech sector?
- ✓ National Electronics & Electrical Forum 2020 (Virtual)
- ✓ Investing Courageously: An Impact Investing Workshop (Virtual)
- ✓ Market Outlook 2021: Pathway to Recovery (Virtual)
- ✓ 46th ASEAN-Japan Business Meeting (Virtual)
- ✓ Update on Skin Cancer Management
- ✓ The Climate Governance Initiative launches its inaugural Summit today urging board directors to tackle the climate emergency
- ✓ Smart Retail Live Virtual Conference
- ✓ Mapping The Future of Logistics
- ✓ Empower your life by Siti Kassim
- ✓ Digital Platform and the New World
- ✓ The New sales floor is now digital!
- ✓ Creating Jobs In the Post Covid World

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 2021 (FY2021) are as follows:

RM'000	Salaries & Other Emoluments[1]	Benefits In Kind[2]	Fees[3]	Total
Executive Directors	1,582	156	93	1,831
Non-Executive Directors	–	40	83	123

Notes:
(1) Other emoluments include bonuses, employer contribution to the Employees' Provident Fund
(2) Benefits in-kind are in respect of product and service allowances for Executive Directors and gift certificates for treatment services for Non-Executive Directors.
(3) Fees include directors' fees and meeting allowances paid to Directors.

The range of Directors' remuneration for FY2021 is shown in the following bands:

Range of remuneration per annum	No. of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	–	5
RM100,000 to RM150,000	1	–
RM450,000 to RM500,000	1	–
RM500,000 to RM550,000	1	–
RM700,000 to RM750,000	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 five (5) 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 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.

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 the 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 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.

During the year under review, the Group Managing Director and Chief Executive Officer and the Executive Director held numerous one-on-one meetings with investors to facilitate a better understanding and awareness of the Group in the investment community. In accordance with the Amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, EIG will adopt 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) 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: Dato' Christopher Chan Choun Sien
c/o Ms Lee Wai Ngan
Systems Associates Sdn Bhd
Plaza 138, Suite 18.03, 18th Floor
138 Jalan Ampang
50450 Kuala Lumpur
Tel: 603 2161 5466
Fax: 603-2163 6968

CORPORATE SOCIAL RESPONSIBILITY

The Group considers corporate social responsibility and good corporate citizenship as a critical management initiative and seeks to improve corporate value by engaging in conscientious activities, especially in consideration of the Group's presence and ties with the community and environment. The Group supports a precautionary approach to environmental challenges. 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 our strategic partners, we have undertaken active efforts to minimize the negative impact on environment throughout the entire production chain. We have also raised the awareness of each employee with regard to corporate social responsibility and supported various corporate social responsibility initiatives during the year under review.

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 2021 or entered into since the end of the previous financial year.

(B) NON-AUDIT FEES

During the financial year ended 31 March 2021, 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 2021 are RM51,000.

Apart from the above, there were no non-audit fees paid to the External Auditors for the financial year ended 31 March 2021.

(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 27 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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 2021. 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 operating adequately and effectively, in all material respects, for the financial year ended 31 March 2021.

RISK MANAGEMENT

In discharging its stewardship responsibilities, the Board recognizes that risk management:

- is a logical and systematic method of identifying, analysing, assessing, treating and monitoring the Group's risks;
- is a continuous and an on-going process;
- is an integral part of the Group's management practices; and
- enables the Group to not only minimize losses but also to maximize opportunities.

The Board considers the following factors in addressing the potential risks faced by the Group:

- 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;
- 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 Board oversight function in risk management assessment is assisted by Risk Management Committee (RMC), that report to the Audit and Risk Committee and the Board 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 control 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, based on 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 or seek in achieving its business objectives. The risks monitored, assessed and managed by the Group include strategic risks, operational risks, financial risks and cybersecurity risks amongst others.

During the financial year under review, the Group updated its risk assessments and implemented measures to address areas identified for improvement. The outsourced 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. During the financial year, some areas of improvement to internal control were identified and 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 Board's primary objective and direction in managing the Group's principal risks is to enhance the Group's ability to achieve its business objectives while mitigating the key risks identified.

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:

- Requirement for approval and authority of the Directors for key treasury matters such as financing facilities, significant investments and designation of bank signatories;
- Regular reviews by the Executive Directors and Management together with the respective business unit Heads of the local and regional business units;
- 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;
- 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;
- Adequate insurance cover over major assets.

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 and reviews 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 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.

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 2021 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 2021 (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 27 May 2021.

SUSTAINABILITY STATEMENT

SCOPE OF THE STATEMENT

This Sustainability Statement covers the activities of Esthetics International Group Berhad and its subsidiaries and associate companies for the period from 1 April 2020 to 31 March 2021.

OUR SUSTAINABILITY APPROACH

The Board of Directors and the Group recognise Sustainability as an integral value in doing business, with the aim of balancing long-term success with promoting sustainable practices for its business partners, employees, shareholders, community and the environment.

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.

STAKEHOLDER ENGAGEMENT

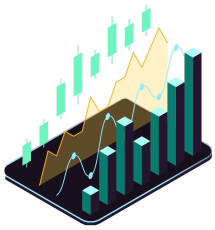
We continued to engage our stakeholders actively throughout the financial year as part of our sustainability assessment process.

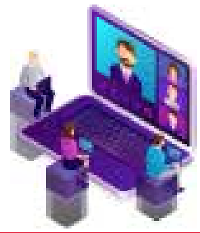
Stakeholders	Focus Areas	Engagement Platforms
Investors & shareholders	> Company performance > Profitability/growth > Company direction and strategy > Corporate governance > Sustainability	> Annual and quarterly reports > Annual General Meetings > Bursa Malaysia announcements > Ad hoc one-on-one investor meetings
Employees	> Career development > Job security > Remuneration and benefits > Equal opportunities > Training opportunities > Workplace health and safety	> Training and education > Management communication sessions > Yoga, pilates and badminton clubs > Events such as Annual Dinner, festive celebrations and other employee engagement events > Performance appraisal and feedback reviews
Customers	> Efficacy & effectiveness > Product innovation > Product ingredients > Product/service safety > Customer service and experience > Pricing	> Customer feedback surveys > Customer visits/meetings > Customer loyalty programmes > Exhibitions/roadshows > Marketing campaigns > Digital and social media platforms > Brand websites > Virtual customer events
Suppliers	> Product quality and inventory/ supply > Pricing > Ethical sourcing and production > Legal compliance > Customer service	> Supplier meetings > On-site facility visits and reviews > Supplier and quality evaluation > Contract negotiation
Media	> Product awareness > Product information	> Media events > Interviews/press releases > New product launches > Advertisements

Stakeholders	Focus Areas	Engagement Platforms
Government	> Regulatory compliance	> Compliance with government legislative and regulatory body framework
Communities	> Community engagement > Social and environmental concerns	> Corporate social responsibility activities > Partnerships with vocational colleges to provide education and employment opportunities for students

MATERIALITY ASSESSMENT

The key EES issues prioritised and determined are as follows:





Economic	Environmental	Social
• Quality of our products and services • Customer relationship management • Corporate governance and ethics	• Promoting environmental sustainability • Reducing electricity consumption • Waste management	• Diversity and inclusion • Training and development • Community investment

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 35 years of history while Davines is one of the leading professional hair care brands globally and leaders in sustainable beauty with more than 38 years' history.

For our home brands, such as Clinelle, we have an established suppliers' qualification and selection criteria to ensure that we only work with suppliers who are Good Manufacturing Practice (GMP) certified who can produce the 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 CIDESCO or CIBTAC professional certifications in our markets such as Malaysia and Singapore, and focus on helping customers achieve their best skin health with 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.

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 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.

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.

During the year, we also implemented strict safety and hygiene standard operating procedures (SOPs) at our Corporate Outlets including the use of personal protective equipment (PPE), removing self-serve testers and regular sanitisation to ensure the safety of our customers amidst the ongoing COVID-19 pandemic.

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 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. 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 2030.

Similarly, Dermalogica is recognised cruelty-free by PETA and certified vegan for almost all products. All paper and cartons used by Dermalogica are FSC certified to be sustainable for forests and approximately 90% of Dermalogica's packaging is recyclable or bio-degradable.

In addition, some of the product lines include ingredients which are sourced from sustainable sources which promote bio-diversity. We also encourage the independent salons that we work with to promote sustainability in their salons and to their customers.

During the year, we participated in the "The Ocean Keeper" project initiated by 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 are also investing in digitalising different facets of our operations to reduce our paper usage and improve efficiency across our different business units. 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.

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 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.

Gender Diversity	2020		2021	
	Total	%	Total	%
Female	656	89	573	88
Male	81	11	76	12

Ethnicity Diversity	2020		2021	
	Total	%	Total	%
Chinese	530	72	466	72
Malay	77	10	60	9
Indian	4	1	4	1
Indonesian	41	6	39	6
Siam	76	10	71	11
Others	9	1	9	1

Age Group	2020		2021	
	Total	%	Total	%
Below 30	262	36	204	31
30-39	244	33	224	35
40-49	171	23	151	23
Above 50	60	8	70	11

Talent Development

To promote and develop our human capital to meet challenges, the Group regularly organises various training 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. In total, we invested in more than 4,000 hours of training and education for our team members.

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;
- Festive gatherings to cultivate good bonding amongst employees;
- Encouraging our employees to stay fit and healthy through organizing Yoga and Pilates classes in compliance with health and safety SOPs.

SUSTAINABILITY STATEMENT (cont'd)

During the year, we implemented Work From Home (WFH) arrangements during the lockdowns across the various countries that we operate in due to COVID-19 and invested in upgrading our digital infrastructure to facilitate this, and aimed to observe appropriate guidelines from the respective authorities.

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 its ongoing CSR programmes.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 May 2021.

REPORT OF THE AUDIT AND RISK COMMITTEE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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 2021. 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

- Dato' Christopher Chan Choun Sien (Chairman), Senior Independent Non-Executive Director
- 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

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 two years before her 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 June 2020.

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 2021 (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.

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, existence 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 Global Institute of Internal Auditors ("IIA"). Besides the internal controls systems, the relevant organisational governances 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.

The Engagement Director of the external 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.

REPORT OF THE AUDIT AND RISK COMMITTEE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

During the financial year ended 31 March 2021, 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; and
- presented audit findings including recommendations to the Audit and Risk Committee for consideration.
- The areas reviewed by the internal auditors during the year include internal control review of supply chain – procurement (Singapore); information technology general controls; revenue and credit control function (Indonesia) and audit review of corporate liability - Anti Bribery Management System.

The total cost incurred in managing the Internal Audit function for the financial year under review was RM51,000.

MEETINGS AND ATTENDANCE

The Audit and Risk Committee held four meetings during the financial year ended 31 March 2021 and details of the attendance of the Audit and Risk Committee members are as follows:

Name of Members	Total Meetings Attended
Dato' Christopher Chan Choun Sien *	3/4
Tony Lee Cheow Fui ^	1/4
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 13 July 2020
^ Resigned on 13 July 2020

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 27 May 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021)

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 2021, 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 27 May 2021.


EVEN MORE ESSENTIAL,
EVEN BETTER.
Our Essential Haircare
shampoos in solid form,
with 100% paper packaging.
With active ingredients from Slow Food Presidia,
to protect biodiversity.
Certified
B
Corporation
davines
Presidio Slow Food

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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 2021.

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 RM'000	Company RM'000
Profit for the financial year	2,072	2,574
Attributable to:		
Owners of the Company	2,072	2,574

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 2020 as reported in the directors' report of that year, amounting to RM1.186 million was paid on 19 November 2020; and

(ii) interim single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 March 2021 amounting to RM1.186 million was paid on 15 January 2021.

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 2022.

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 ^
Lee Cheow Fui (Resigned on 13 July 2020)
Dato' Dr. Noor Zalmy Azizan binti Mohd Ali Azizan
Janet Chieng Ling Min ^
Hong May Kwee
Loi Wei Sin
Dato' Chan Choun Sien (Appointed on 13 July 2020)

^ 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
Chakkrit Detworasutthi
Jonalyn P. Barrola
Kristal Jade G. Abarcar
Joanne See Gwee May
Maria Angelica Rosaro
Hairol Addy Nizam Bin Hashim (Appointed on 13 June 2021)

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 1.4.2020 / date of appointment	**Bought**	**Sold**	**At 31.3.2021**
Ultimate holding company				
Providence Capital Sdn. Bhd.				
Direct interests:				
Roderick Chieng Ngee Kai	1,250,000	-	-	1,250,000
Brian Chieng Ngee Wen	1,250,000	-	-	1,250,000
The Company				
Direct interests:				
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
Indirect interests:				
Chieng Ing Huong *	160,975,652	395,800	-	161,371,452
Roderick Chieng Ngee Kai **	160,975,652	395,800	-	161,371,452
Janet Chieng Ling Min ***	160,975,652	395,800	-	161,371,452
Brian Chieng Ngee Wen ****	163,173,252	395,800	-	163,569,052

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 in the financial statements of the Company) 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.

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.

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.

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 details of the auditors' remuneration are disclosed in Note 20 to the financial statements.

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.

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: 9 July 2021

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 63 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 2021 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: 9 July 2021

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 63 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 9 July 2021.

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 2021 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 63 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 2021, 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.

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.

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.

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.

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. 02916/03/2022 J
Chartered Accountant

Kuala Lumpur

Date: 9 July 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	30,478	30,883	-	-
Right-of-use assets	4	85,542	81,605	-	-
Intangible assets	5	1,654	1,460	-	-
Investment properties	6	2,828	2,828	-	-
Investments in subsidiaries	7	-	-	94,541	94,541
Investments in associates	8	-	-	-	-
Receivables	9(a)	25,500	23,546	16,896	12,788
Deferred tax assets	10	6,313	5,676	-	-
Total non-current assets		152,315	145,998	111,437	107,329
Inventories	11	33,820	35,509	-	-
Receivables, deposits and prepayments	9(b)	17,160	20,909	17	22
Tax recoverable		1,450	750	13	5
Short term cash investments	12	33,820	36,615	32,627	35,447
Cash and bank balances		27,693	25,847	587	1,686
Total current assets		113,943	119,630	33,244	37,160
Total assets		266,258	265,628	144,681	144,489

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021 (cont'd)

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Equity					
Share capital	13	128,768	128,768	128,768	128,768
Reserves	14	544	637	-	-
Retained earnings	14	44,796	45,096	11,375	11,173
Total equity		174,108	174,501	140,143	139,941
Liabilities					
Borrowings	18	15,941	16,389	-	-
Lease liabilities	15	11,667	8,459	-	-
Contract liabilities	16	672	-	-	-
Deferred tax liabilities	10	11	8	-	-
Total non-current liabilities		28,291	24,856	-	-
Contract liabilities	16	24,466	28,785	-	-
Payables and accruals	17	18,053	17,286	4,538	4,548
Borrowings	18	4,941	5,641	-	-
Lease liabilities	15	15,192	13,343	-	-
Tax payable		1,207	1,216	-	-
Total current liabilities		63,859	66,271	4,538	4,548
Total liabilities		92,150	91,127	4,538	4,548
Total equity and liabilities		266,258	265,628	144,681	144,489

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 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	19	129,481	170,598	1,032	5,517
Cost of sales/services		(62,239)	(78,147)	-	-
Gross profit		67,242	92,451	1,032	5,517
Other income		10,778	1,621	-	-
Distribution expenses		(19,911)	(25,126)	-	-
Administrative expenses		(50,215)	(55,723)	(506)	(448)
Net impairment losses of financial assets		(41)	(27)	-	-
Other expenses		(6,174)	(6,147)	-	-
Results from operating activities		1,679	7,049	526	5,069
Finance income		2,707	3,172	2,055	2,397
Finance costs		(1,853)	(1,719)	-	-
Operating profit	20	2,533	8,502	2,581	7,466
Share of results of equity accounted associates, net of tax		-	-	-	-
Profit before tax		2,533	8,502	2,581	7,466
Tax expense	21	(461)	(3,340)	(7)	(18)
Profit for the financial year		2,072	5,162	2,574	7,448
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
- Exchange differences on translation of foreign operations		(93)	1,126	-	-
Total comprehensive income for the financial year		1,979	6,288	2,574	7,448

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year attributable to:					
Owners of the Company		2,072	5,162	2,574	7,448
Total comprehensive income attributable to:					
Owners of the Company		1,979	6,288	2,574	7,448
Earnings per ordinary share attributable to owners of the Company (sen)					
- Basic	22	0.87	2.18		
- Diluted	22	0.87	2.18		

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 2021

Group	Note	Share Capital RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
		Attributable to owners of the Company			
At 1 April 2019 (as previously reported)		128,768	(489)	48,039	176,318
Effect of adoption of MFRS 16		-	-	(989)	(989)
At 1 April 2019 (as restated)		128,768	(489)	47,050	175,329
Profit for the financial year		-	-	5,162	5,162
Other comprehensive income, net of tax - Exchange differences on translation of foreign operations		-	1,126	-	1,126
Total comprehensive income for the financial year		-	1,126	5,162	6,288
Transaction with owners					
Dividends paid	23	-	-	(7,116)	(7,116)
Total transaction with owners		-	-	(7,116)	(7,116)
At 31 March 2020		128,768	637	45,096	174,501
At 1 April 2020		128,768	637	45,096	174,501
Profit for the financial year		-	-	2,072	2,072
Other comprehensive loss, net of tax - Exchange differences on translation of foreign operations		-	(93)	-	(93)
Total comprehensive (loss)/income for the financial year		-	(93)	2,072	1,979
Transaction with owners					
Dividends paid	23	-	-	(2,372)	(2,372)
Total transaction with owners		-	-	(2,372)	(2,372)
At 31 March 2021		128,768	544	44,796	174,108

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 2021

Company	Note	← *Attributable to owners of the Company* → Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 April 2019		128,768	10,841	139,609
Profit for the financial year, representing total comprehensive income for the financial year		-	7,448	7,448
Transaction with owners				
Dividends paid	23	-	(7,116)	(7,116)
At 31 March 2020		128,768	11,173	139,941
Profit for the financial year, representing total comprehensive income for the financial year		-	2,574	2,574
Transaction with owners				
Dividends paid	23	-	(2,372)	(2,372)
At 31 March 2021		128,768	11,375	140,143

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 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	2,533	8,502	2,581	7,466
Adjustments for:				
Amortisation of development costs	28	3	-	-
Bad debts written off	-	27	-	-
Impairment loss on receivables	40	-	-	-
COVID-19 related rent concession income	(5,336)	-	-	-
Depreciation of property, plant and equipment	3,673	4,871	-	-
Depreciation of right-of-use assets	20,960	21,494	-	-
Effect of lease modification	47	-	-	-
Inventories written off	2,214	1,482	-	-
Property, plant and equipment written off	184	3	-	-
Dividend income	-	-	(1,032)	(5,517)
Gain on disposal of property, plant and equipment	(11)	(26)	-	-
Income from short term cash investments	(1,204)	(1,741)	(1,180)	(1,665)
Interest income	(1,503)	(1,431)	(875)	(732)
Interest expense	1,853	1,719	-	-
Unrealised loss/(gain) on foreign exchange	43	(66)	-	-
Operating profit/(loss) before working capital changes, balance carried down	23,521	34,837	(506)	(448)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities (continued)				
Balance brought down	23,521	34,837	(506)	(448)
Changes in working capital				
Inventories	(525)	(4,411)	-	-
Receivables	3,497	(1,704)	5	(5)
Payables	767	(1,450)	(10)	(41)
Contract liabilities	(3,647)	532	-	-
Cash generated from/(used in) operations	23,613	27,804	(511)	(494)
Tax paid	(1,980)	(4,459)	(15)	(22)
Tax refunded	258	126	-	47
Net cash from/(used in) operating activities	21,891	23,471	(526)	(469)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(3,405)	(2,691)	-	-
Acquisition of additional shares in a subsidiary	-	-	-	(1,000)
Addition of intangible assets	(223)	(5)	-	-
Dividends received	-	-	1,032	5,517
Advances to subsidiaries	-	-	(2,516)	(2,460)
Advances to associates	(1,695)	(3,126)	(1,592)	(2,783)
Proceeds from disposal of property, plant and equipment	15	50	-	-
Withdrawal in short term cash investments	2,795	7,659	2,820	6,335
Interest income and income from short term cash investments	2,707	3,172	2,055	2,397
Net cash from investing activities	194	5,059	1,799	8,006
Balance carried down	22,085	28,530	1,273	7,537

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Balance brought down		22,085	28,530	1,273	7,537
Cash flows from financing activities					
Dividends paid		(2,372)	(7,116)	(2,372)	(7,116)
Lease payment		(14,745)	(20,647)	-	-
Repayment of term loans	(a)	(1,162)	(1,139)	-	-
Interest paid		(1,853)	(1,719)	-	-
Net cash used in financing activities		(20,132)	(30,621)	(2,372)	(7,116)
Net increase/(decrease) in cash and cash equivalents		1,953	(2,091)	(1,099)	421
Effect of exchange rates changes		(107)	391	-	-
Cash and cash equivalents at beginning of the financial year		25,847	27,547	1,686	1,265
Cash and cash equivalents at end of the financial year		27,693	25,847	587	1,686

(a) Reconciliation of liabilities arising from financing activities:

	1 April 2020 RM'000	Cash flows RM'000	← Non-cash → Foreign exchange movement RM'000	31 March 2021 RM'000
Group				
Term loans	22,030	(1,162)	14	20,882

	1 April 2019 RM'000	Cash flows RM'000	← Non-cash → Foreign exchange movement RM'000	31 March 2020 RM'000
Group				
Term loans	22,680	(1,139)	489	22,030

The annexed notes form an integral part of, and should be read in conjunction with, these 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 2021 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 2021 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 9 July 2021.

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.

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:

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

*Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020 or/and 6 April 2021.

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

Amendment(s) to MFRS 16 Leases

The Group and the Company have early adopted the amendments to MFRS 16 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022.

The Group and the Company elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The effect of adoption of the above amendment is disclosed in Note 20 to the financial statements as rent concession income.

<u>Statements of Comprehensive Income</u>

	2021 RM'000
Group	
COVID-19 related rent concession income	5,336

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

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:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
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 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#

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)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (continued)</u>		
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*
\# *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.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:
- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

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 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 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases

The Interest Rate Benchmark Reform—Phase 2 amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provide a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

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.

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 *(continued)*

The amendments require an entity 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.

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.

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.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

1. Basis of preparation (continued)

(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.

(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.

2. Significant accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2021. 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.

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.

2. Significant accounting policies (continued)

(b) Basis of consolidation (continued)

(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.

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 2021. 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.

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).

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.

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.

<u>Debt instruments</u>

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

<u>Variable considerations</u> - 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.

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.

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.

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.

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.

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.

3. Property, plant and equipment

	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Tools and equipment RM'000	Renovation RM'000	Total RM'000
Group							
Cost							
At 1 April 2019							
- As previously reported	11,053	87,091	1,734	12,287	17,520	29,107	158,792
- Effect of adoption of MFRS 16	-	(65,105)	-	-	-	-	(65,105)
Adjusted balance at 1 April 2019	11,053	21,986	1,734	12,287	17,520	29,107	93,687
Additions	-	-	37	417	859	1,378	2,691
Transfer to investment properties (Note 6)	-	(2,476)	-	-	-	-	(2,476)
Disposals	-	-	(165)	(3)	-	-	(168)
Written off	-	-	-	(14)	(11)	(1,942)	(1,967)
Translation differences	-	-	(2)	52	208	208	466
At 31 March/1 April 2020	11,053	19,510	1,604	12,739	18,576	28,751	92,233
Additions	-	-	-	640	503	2,262	3,405
Disposals	-	-	(45)	(68)	-	-	(113)
Written off	-	-	-	(326)	(1,978)	(3,160)	(5,464)
Translation differences	-	-	3	70	(42)	56	87
At 31 March 2021	11,053	19,510	1,562	13,055	17,059	27,909	90,148

3. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Tools and equipment RM'000	Renovation RM'000	Total RM'000
Group							
Accumulated depreciation							
At 1 April 2019							
- As previously reported	-	9,396	1,376	11,255	15,217	25,918	63,162
- Effect of adoption of MFRS 16	-	(4,782)	-	-	-	-	(4,782)
Adjusted balance at 1 April 2019	-	4,614	1,376	11,255	15,217	25,918	58,380
Depreciation charge for the financial year	-	443	99	666	1,099	2,564	4,871
Transfer to investment properties (Note 6)	-	(223)	-	-	-	-	(223)
Disposals	-	-	(142)	(2)	-	-	(144)
Written off	-	-	-	(13)	(11)	(1,940)	(1,964)
Translation differences	-	-	-	21	207	202	430
At 31 March/1 April 2020	-	4,834	1,333	11,927	16,512	26,744	61,350
Depreciation charge for the financial year	-	393	96	543	846	1,795	3,673
Disposals	-	-	(45)	(64)	-	-	(109)
Written off	-	-	-	(326)	(1,978)	(2,976)	(5,280)
Translation differences	-	-	-	30	(34)	40	36
At 31 March 2021	-	5,227	1,384	12,110	15,346	25,603	59,670
Carrying amounts							
At 31 March 2021	11,053	14,283	178	945	1,713	2,306	30,478
At 31 March 2020	11,053	14,676	271	812	2,064	2,007	30,883

4. Right-of-use assets

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

	Leasehold Buildings RM'000	ROU - Retail Outlets RM'000	Total RM'000
Group			
Carrying amount			
At 1 April 2019			
- As previously reported	-	-	-
- Effect of adoption of MFRS 16	60,323	23,725	84,048
Adjusted balance at 1 April 2019	60,323	23,725	84,048
Additions	-	17,360	17,360
Depreciation charge for the financial year	(998)	(20,496)	(21,494)
Translation differences	1,278	413	1,691
At 31 March/1 April 2020	60,603	21,002	81,605
Additions	-	25,397	25,397
Depreciation charge for the financial year	(1,000)	(19,960)	(20,960)
Lease modifications	-	(362)	(362)
Translation differences	(92)	(46)	(138)
At 31 March 2021	59,511	26,031	85,542

(i) Lease terms

The buildings generally have lease terms between 8 years to 89 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 18 to the financial statements are amounting to RM54,943,000 (2020: RM56,277,000).

5. Intangible assets

	Goodwill RM'000	Development costs RM'000	Total RM'000
Group			
Cost			
At 1 April 2019	3,477	436	3,913
Additions	-	5	5
Translation differences	-	5	5
At 31 March/1 April 2020	3,477	446	3,923
Additions	-	223	223
Written off	-	(89)	(89)
Translation differences	-	(3)	(3)
At 31 March 2021	3,477	577	4,054
Accumulated amortisation and impairment			
At 1 April 2019	2,022	433	2,455
Amortisation charge for the financial year	-	3	3
Translation differences	-	5	5
At 31 March/1 April 2020	2,022	441	2,463
Amortisation charge for the financial year	-	28	28
Written off	-	(89)	(89)
Translation differences	-	(2)	(2)
At 31 March 2021	2,022	378	2,400
Carrying amounts			
At 31 March 2021	1,455	199	1,654
At 31 March 2020	1,455	5	1,460

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:

	2021 RM'000	2020 RM'000
Singapore professional services and sales	1,455	1,455

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% (2020: 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 8.48%.

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.

6. Investment properties

	Group 2021 RM'000	Group 2020 RM'000
At fair value		
At 1 April	2,828	575
Transfer from property, plant and equipment (Note 3)	-	2,253
At 31 March	2,828	2,828

(i) The above completed investment properties comprise apartment unit and 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 Value RM'000	Fair value measurement using Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
2021				
Investment properties	2,828	-	2,828	-
2020				
Investment properties	2,828	-	2,828	-

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.

7. Investments in subsidiaries

	Note	Company 2021 RM'000	Company 2020 RM'000
At cost			
Unquoted shares		114,712	114,712
Less: Accumulated impairment loss		(20,171)	(20,171)
		94,541	94,541
Quasi loans	(a)	3,888	3,888
Less: Accumulated impairment loss		(3,888)	(3,888)
		94,541	94,541

(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/ Country of incorporation	Principal activities	Effective ownership interest and voting rights 2021 %	2020 %
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

7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights 2021 %	2020 %
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

7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights 2021 %	2020 %
EIG Philippines Inc. #	Philippines	Dormant	100	100
Interest held through EIG Prestige Cosmetics Sdn. Bhd.				
Klientec Biz-Solution Sdn. Bhd.	Malaysia	Dormant	100	100
Interest held through Lexwel International (S) Pte. Ltd.				
PT EIG Lexwel^	Indonesia	Dormant	100	100
Interest held through EIG Global Pte. Ltd.				
AsterSpring International (S) Pte. Ltd.*	Singapore	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	100	100
EIG Dermal Wellness (S) Pte. Ltd.*	Singapore	Distribution of beauty and wellness products	100	100
Interest held by the Company – 99.94% (2020: 99.94%) and through EIG Haircare Sdn. Bhd. – 0.06% (2020: 0.06%)				
PT EIG Dermal Wellness Indonesia*	Indonesia	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.

The audited financial statements are not available. 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.

7. Investments in subsidiaries (continued)

(a) Subscription of additional interest in subsidiaries

2020

(i) On 21 June 2019, PT EIG Dermal Wellness Indonesia issued a total of 1,339,715 ordinary shares which was fully subscribed by the Company for a total consideration of RM3,776,508 (equivalent to Rp 13,046,144,670). The consideration was settled by way of debt conversion. Consequently, the Company's effective ownership interest in PT EIG Dermal Wellness Indonesia increased from 99.92% to 99.94%.

(ii) On 19 August 2019, EIG Ecommerce Sdn. Bhd. issued a total of 1,000,000 ordinary shares which was fully subscribed by the Company for a total cash consideration of RM1,000,000. The Company's effective ownership interest in EIG Ecommerce Sdn. Bhd. remains at 100%.

8. Investments in associates

	Group	
	2021 RM'000	**2020 RM'000**
At cost		
Unquoted shares	4,286	4,286
Less: Accumulated impairment loss	(12)	(12)
	4,274	4,274
Share of results in associates	(4,274)	(4,274)
	-	-

Details of the associates are as follows:

Name of associate	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights 2021 %	2020 %
Interest held through EIG (Thailand) Co. Ltd.				
Wellnax (Thai) Co. Ltd.*	Thailand	Investment holding	49	49
Dermal Wellness International Co. Ltd. ("DWI")*	Thailand	Investment holding	48.9	48.9

8. Investments in associates (continued)

Details of the associates are as follows: (continued)

Name of associate	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights 2021 %	2020 %
Interest held through Wellnax (Thai) Co. Ltd.				
Dermal Wellness International Co. Ltd. ("DWI")*	Thailand	Investment holding	46	46
Interest held through Dermal Wellness International Co. Ltd.				
EIG Dermal Wellness (Thai) Co. Ltd.*	Thailand	Distribution of beauty and wellness products	48.9	48.9
Interest held through EIG Dermal Wellness (Thai) Co. Ltd.				
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.

9. Receivables, deposits and prepayments

(a) Non-current receivables

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade					
Amount due from associates	(i)	6,730	6,450	-	-
Less:					
Allowance for impairment loss		(511)	(511)	-	-
		6,219	5,939	-	-
Non-trade					
Amount due from subsidiaries	(ii)	-	-	3,754	1,238
Less:					
Allowance for impairment loss		-	-	(287)	(287)
		-	-	3,467	951
Amount due from associates	(iii)	19,281	17,607	13,429	11,837
		19,281	17,607	16,896	12,788
		25,500	23,546	16,896	12,788

(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% (2020: 3.5% - 6.75%) per annum and are not expected to be repayable within the next 12 months except for an amount of RM3,467,000 (2020: RM951,000) 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.

9. Receivables, deposits and prepayments (continued)

(b) Current receivables, deposits and prepayments

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Trade receivables	(i)	8,921	9,855	-	-
Less:					
Allowance for impairment loss		(98)	(58)	-	-
		8,823	9,797	-	-
Non-trade					
GST refundable		1	4	-	-
Other receivables		559	404	-	-
Deposits	(ii)	6,724	7,686	2	2
Prepayments		1,053	3,018	15	20
		8,337	11,112	17	22
		17,160	20,909	17	22

(i) The normal trade credit terms granted are as follows:
- Beauty and wellness products: 14 to 90 days (2020: 14 to 90 days)
- Beauty equipment: case-by-case basis

(ii) Included in deposits of the Group is an amount of RM5,902,000 (2020: RM6,760,000) representing rental deposit.

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Property, plant and equipment RM'000	Unrealised foreign exchange RM'000	Contract liabilities RM'000	Others RM'000	Total RM'000
Group					
Assets					
At 1 April 2019	(16)	(33)	3,349	1,898	5,198
Recognised in profit or loss (Note 21)	(6)	33	90	361	478
At 31 March/ 1 April 2020	(22)	-	3,439	2,259	5,676
Recognised in profit or loss (Note 21)	(301)	-	(241)	1,077	535
Translation differences	(10)	-	-	112	102
At 31 March 2021	(333)	-	3,198	3,448	6,313

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

Recognised deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following: (continued)

	Property, plant and equipment RM'000	Unrealised foreign exchange RM'000	Contract liabilities RM'000	Others RM'000	Total RM'000
Group					
Liabilities					
At 1 April 2019	(84)	-	-	9	(75)
Recognised in profit or loss (Note 21)	84	-	-	(17)	67
At 31 March/ 1 April 2020	-	-	-	(8)	(8)
Recognised in profit or loss (Note 21)	-	-	-	(3)	(3)
At 31 March 2021	-	-	-	(11)	(11)

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

Unrecognised deferred tax assets

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

	Group 2021 RM'000	2020 RM'000
Unabsorbed capital allowances	679	324
Unutilised tax losses	56,874	51,292
Others	2,015	2,051
	59,568	53,667

Pursuant to Section 11 of the Finance Act 2018 (Act 812), special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment.

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

Unrecognised deferred tax assets (continued)

The unused tax losses are available indefinitely for offset against future taxable profits of the Group except for certain unused tax losses which will expire in the following financial years:

	Group	
	2021	**2020**
	RM'000	**RM'000**
2025	12,342	12,568
2026	1,329	1,329
2027	613	613
2028	628	-
	14,912	14,510

11. Inventories

	Group	
	2021	**2020**
	RM'000	**RM'000**
At cost		
Raw materials and consumables	1,724	1,770
Goods in transit	6,391	6,237
Trading goods	25,705	27,502
	33,820	35,509

Inventories recognised as cost of sales during the financial year amounted to RM37,435,000 (2020: RM47,094,000).

12. Short term cash investments

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash management fund investments with investment management companies	33,820	36,615	32,627	35,447

13. Share capital

	Group and Company			
	2021		2020	
	Number of shares Unit'000	RM'000	Number of shares Unit'000	RM'000
Issued and fully paid				
At 1 April/ 31 March	237,194	128,768	237,194	128,768

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable					
Translation reserve	(a)	544	637	-	-
Distributable					
Retained earnings	(b)	44,796	45,096	11,375	11,173

(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.

15. Lease liabilities

	Group 2021 RM'000	Group 2020 RM'000
Minimum lease payments:		
- Not later than one year	15,883	13,952
- Later than one year and not later than five years	11,962	8,736
	27,845	22,688
Less: Future finance charges	(986)	(886)
Present value of minimum lease payments	26,859	21,802
Represented by:		
Current		
- Not later than one year	15,192	13,343
Non-current		
- Later than one year and not later than five years	11,667	8,459
	26,859	21,802

Set out below is the movements of lease liabilities during the financial year:

	Group RM'000
At 1 April 2019	
- As previously reported	-
- Effect of adoption of MFRS 16	24,714
Adjusted balance at 1 April 2019	24,714
Addition	17,360
Payments	(20,647)
Translation difference	375
At 31 March 2020	21,802
Addition	25,397
Lease modifications	(315)
Payments	(14,745)
Rent concession	(5,336)
Translation difference	56
	26,859

The lease payments are discounted using the Group's weighted average incremental borrowing rate ranging from 3.4% to 5% (2020: 3.4% to 5%).

16. Contract liabilities

	Note	Group 2021 RM'000	Group 2020 RM'000
Current			
Cash received from customers for products and services not yet rendered		22,530	26,801
Others	(a)	1,936	1,984
		24,466	28,785
Non-current			
Cash received from customers for products and services not yet rendered			
- Later than one year and not later than two years		672	-
		25,138	28,785

(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 (Increase)/Decrease 2021 RM'000	2020 RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	28,785	28,253
Increase due to cash received, excluding amounts recognised as revenue during the year	(25,138)	(28,785)

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.

17. Payables and accruals

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade					
Trade payables	(a)	10,306	9,044	-	-
Non-trade					
GST payable		300	343	-	-
Other payables		2,135	1,192	-	-
Amount due to subsidiaries	(b)	-	-	4,257	4,258
Accrued expenses	(c)	5,312	6,707	281	290
		7,747	8,242	4,538	4,548
		18,053	17,286	4,538	4,548

17. Payables and accruals (continued)

(a) The normal trade credit terms granted to the Group range from 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 RM2,340,000 (2020: RM3,321,000).

18. Borrowings

	Group	
	2021	**2020**
	RM'000	**RM'000**
Non-current:		
Secured		
Term loans	15,941	16,389
Current:		
Secured		
Term loans	4,941	5,641
	20,882	22,030

(i) Term loan I – Hong Kong Dollar

Term loan I of a subsidiary of RM4,265,000 (2020: RM5,056,000) bears interest at 2.10% (2020: 2.10% to 2.23%) 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 RM12,422,000 (2020: RM12,682,000) bears interest at 1.88% (2020: 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 RM4,195,000 (2020: RM4,292,000) bears interest at 1.88% per annum for year 2018 and 2019, 2.48% per annum for year 2020 and 2021, 2.68% per annum for year 2022 and subsequently at 3% per annum above prevailing 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.

19. Revenue

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue from contract customers:				
Management fees	58	183	-	-
Product distribution	48,554	68,175	-	-
Professional services and sales	72,228	100,034	-	-
Others	8,641	2,206	-	-
	129,481	170,598	-	-
Revenue from other sources:				
Dividend from subsidiaries	-	-	1,032	5,517
	129,481	170,598	1,032	5,517

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Timing of revenue recognition from contract customers:				
At a point in time	57,195	70,381	-	-
Over time	72,286	100,217	-	-
	129,481	170,598	-	-

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.

20. Operating profit

(a) Operating profit has been arrived at:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
After charging:				
Auditors' remuneration:				
- Audit services:				
- current year	331	281	36	35
- under provision in prior year	-	9	-	9
- Non-audit services	10	10	10	10
Bad debts written off	-	27	-	-
Impairment loss on:				
- Trade receivables	40	-	-	-
Interest expense:				
- Term loan	658	641	-	-
- Lease liabilities	1,195	1,078	-	-
Inventories written off	2,214	1,482	-	-
Staff costs:				
- Wages, salaries and others	40,864	50,643	-	-
- Contribution to defined contribution plan	4,287	5,663	-	-
Realised loss on foreign exchange	58	298	-	-
Unrealised loss on foreign exchange	43	-	-	-
Rental commission	473	1,008	-	-
Expenses relating to short term lease	420	252	-	-
After crediting:				
COVID-19 related rent concession income	5,336	-	-	-
Government subsidy	4,732	-	-	-
Income from short term cash investments	1,204	1,741	1,180	1,665
Interest income	1,503	1,431	875	732
Rental income from investment properties	151	97	-	-
Gain on disposal of property, plant and equipment	11	26	-	-
Unrealised gain on foreign exchange	-	66	-	-

20. Operating profit (continued)

(b) Directors' remuneration

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Directors of the Company				
- Fees	156	156	156	156
- Other emoluments	1,433	1,588	20	20
- Contribution to defined contribution plan	169	188	-	-
- Estimated monetary value of benefits-in-kind	196	186	46	44
	1,954	2,118	222	220

21. Tax expense

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current tax:				
- current financial year	1,469	3,763	7	18
- (over)/under provision in prior years	(476)	122	-	-
	993	3,885	7	18
Deferred tax (Note 10):				
- current financial year	(503)	(516)	-	-
- over provision in prior years	(29)	(29)	-	-
	(532)	(545)	-	-
	461	3,340	7	18

21. Tax expense (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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	2,533	8,502	2,581	7,466
Tax at the statutory tax rate of 24% (2020: 24%)	608	2,040	619	1,792
Effect of different tax rates in foreign jurisdictions	(675)	(166)	-	-
Non-deductible expenses	756	1,153	121	107
Non-taxable income	(1,139)	(516)	(733)	(1,881)
Reversal of deferred tax assets not recognised previously	1,416	736	-	-
	966	3,247	7	18
(Over)/Under provision in prior years				
- current tax	(476)	122	-	-
- deferred tax	(29)	(29)	-	-
Tax expense	461	3,340	7	18

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. Earnings per share

The basic earnings per share of the Group is calculated by dividing the Group's profit attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

Basic earnings per share are calculated based on the following information:

	Group	
	2021	2020
Profit attributable to owners of the Company (RM'000)	2,072	5,162
Number of shares in issue ('000)	237,194	237,194
Basic earnings per ordinary share (sen)	0.87	2.18

The basic and diluted earnings per ordinary share are equal as the Group does not have dilutive potential ordinary shares as at the reporting date.

23. Dividends

Group and Company	Total RM'000
2021	
Final single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 March 2020	1,186
Interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 March 2021	1,186
	2,372
2020	
Final single-tier dividend of 1.75 sen per ordinary share in respect of the financial year ended 31 March 2019	4,151
Interim single-tier dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 March 2020	2,965
	7,116

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 2022.

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.

Business segments

The Group comprises the following main segments:

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.
Others	Investment holding, management services, webstore, 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 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.

24. Operating segments (continued)

	Professional services and sales		Product distribution		Others		Eliminations		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Business segments										
Revenue from external customers	72,228	100,034	48,554	68,175	8,699	2,389	-	-	129,481	170,598
Inter-segment revenue	-	-	31,178	35,067	9,813	15,156	(40,991)	(50,223)	-	-
Total revenue	72,228	100,034	79,732	103,242	18,512	17,545	(40,991)	(50,223)	129,481	170,598
Segment results	2,377	8,885	(3,879)	(1,531)	3,181	(305)	-	-	1,679	7,049
Interest income and income from short term cash investments	32	87	333	364	2,342	2,721	-	-	2,707	3,172
Finance costs	(1,195)	(1,078)	-	-	(658)	(641)	-	-	(1,853)	(1,719)
Profit before tax									2,533	8,502
Tax expense									(461)	(3,340)
Profit for the financial year									2,072	5,162
Segment assets	58,949	55,110	87,831	90,256	111,715	113,836			258,495	259,202
Unallocated assets									7,763	6,426
Total assets									266,258	265,628
Segment liabilities	26,619	30,147	15,547	14,735	1,025	1,189			43,191	46,071
Unallocated liabilities									48,959	45,056
Total liabilities									92,150	91,127

24. Operating segments (continued)

	Professional services and sales		Product distribution		Others		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amortisation of development cost	-	-	4	2	24	1	28	3
Bad debts written off		13		14	-	-	-	27
Impairment loss on receivables	-	-	40	-	-	-	40	-
Additions in capital expenditure	2,851	2,270	343	317	211	104	3,405	2,691
Depreciation of property, plant and equipment	2,321	3,021	1,259	1,774	93	76	3,673	4,871
Depreciation of right-of-use assets	20,368	20,496	104	105	488	893	20,960	21,494
Inventories written off	11	28	2,162	1,439	41	15	2,214	1,482
Property, plant and equipment written off	184	3	-	-	-	-	184	3
Unrealised foreign exchange loss/(gain)	3	-	40	(66)	-	-	43	(66)

24. Operating segments (continued)

Segment revenue based on geographical location of the Group's customers:

	2021 RM'000	2020 RM'000
Malaysia	73,270	103,120
Singapore	34,522	36,283
Hong Kong	17,554	22,695
Others*	4,135	8,500
	129,481	170,598

* 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:

	2021 RM'000	2020 RM'000
Malaysia	42,509	41,528
Singapore	53,721	47,244
Hong Kong	19,470	23,201
Indonesia	4,802	4,803
	120,502	116,776

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:

	2021 RM'000	2020 RM'000
Property, plant and equipment	30,478	30,883
Right-of-use assets	85,542	81,605
Intangible assets	1,654	1,460
Investment properties	2,828	2,828
	120,502	116,776

Major customer information

There is no single customer with revenue equal or more than 10% of the Group's revenue.

25. Capital commitments

	Group	
	2021	**2020**
	RM'000	**RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Approved and contracted for	-	600

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.

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	
	2021	**2020**
	RM'000	**RM'000**
Dividend received from:		
- AsterSpring International Sdn. Bhd.	572	4,420
- EIG Global Pte. Ltd.	460	1,097
Interest income received and receivable from:		
- EIG Pharma Asia Sdn. Bhd.	8	-
- PT EIG Dermal Wellness Indonesia	85	33

Transactions with associates

	Company	
	2021	**2020**
	RM'000	**RM'000**
Interest income received and receivable from:		
- Dermal Wellness International Co. Ltd.	506	479
- EIG Dermal Wellness (Thai) Co. Ltd.	250	144

	Group	
	2021	**2020**
	RM'000	**RM'000**
Sales to:		
- EIG Dermal Wellness (Thai) Co. Ltd.	533	1,926
Purchase from:		
- Asterspring International (Thai) Co. Ltd.	2	-
- EIG Dermal Wellness (Thai) Co. Ltd.	-	22
Interest income received and receivable from:		
- Dermal Wellness International Co. Ltd.	506	479
- EIG Dermal Wellness (Thai) Co. Ltd.	868	703
Management fee received and receivable from:		
- EIG Dermal Wellness (Thai) Co. Ltd.	58	183

Transactions with holding company

	Group	
	2021	**2020**
	RM'000	**RM'000**
Management services fees paid and payable to:		
- Providence Capital Sdn. Bhd.	734	828

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 17 to the financial statements.

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
- Fees	156	156	156	156
- Other emoluments	1,433	1,588	20	20
- Estimated monetary value of benefits-in-kind	196	186	46	44
Total short-term employee benefits	1,785	1,930	222	220
Contribution to defined contribution plan	169	188	-	-
	1,954	2,118	222	220

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.

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:

	Group	
	2021	**2020**
United States Dollar ("USD")	**RM'000**	**RM'000**
Amount due from associates	6,022	5,912
Cash and bank balances	2,275	1,277
Trade payables	(10,148)	(8,866)
	(1,851)	(1,677)

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:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Effects on profit for the financial year		
United States Dollar:		
- strengthened by 5%	(66)	(58)
- weakened by 5%	66	58

(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 RM20,882,000 (2020: RM22,030,000) 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 2021 would decrease/increase by RM87,000 (2020: RM92,000) as a result of exposure to floating rate borrowings.

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 61% (2020: 57%) 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:

	Group	
	2021 RM'000	**2020 RM'000**
Malaysia	6,619	6,628
Singapore	855	986
Hong Kong	645	1,316
Indonesia	704	867
Thailand	6,219	5,939
Total	15,042	15,736

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 Amount RM'000	Credit impaired RM'000	Carrying Amount RM'000
31 March 2021			
Not past due	7,551	-	7,551
Past due:			
- less than 3 months	1,464	-	1,464
- 3 to 6 months	161	-	161
- over 6 months	6,475	(609)	5,866
	15,651	(609)	15,042
31 March 2020			
Not past due	8,254	-	8,254
Past due:			
- less than 3 months	2,560	-	2,560
- 3 to 6 months	467	-	467
- over 6 months	5,024	(569)	4,455
	16,305	(569)	15,736

The movement in allowance for impairment losses on trade receivables is as follows:

	Group	
	2021 RM'000	2020 RM'000
Credit impaired		
At 1 April	569	569
Charge for the financial year	40	-
At 31 March	609	569

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.

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.

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 RM'000	Contractual cash flow RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000
2021					
Financial liabilities:					
Lease Liabilities	26,859	27,845	15,883	11,962	-
Secured Term loans	20,882	27,344	5,461	5,005	16,878
	47,741	55,189	21,344	16,967	16,878
2020					
Financial liabilities:					
Lease Liabilities	21,802	22,688	13,952	8,736	-
Secured Term loans	22,030	31,079	6,334	5,305	19,440
	43,832	53,767	20,286	14,041	19,440

(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 2020.

The Group is not subject to any externally imposed capital requirements.

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 amounts RM'000	AC RM'000	FVTPL RM'000
2021			
Financial assets			
Group			
Trade receivables	8,823	8,823	-
Amount due from associates	25,500	25,500	-
Other receivables	559	559	-
Deposits	6,724	6,724	-
Cash and bank balances	27,693	27,693	-
Short term cash investments	33,820	-	33,820
	103,119	69,299	33,820
Company			
Amount due from subsidiaries	3,467	3,467	-
Amount due from associates	13,429	13,429	-
Deposits	2	2	-
Cash and bank balances	587	587	-
Short term cash investments	32,627	-	32,627
	50,112	17,485	32,627
Financial liabilities			
Group			
Trade payables	10,306	10,306	-
Other payables and accruals	7,447	7,447	-
Lease liabilities	26,859	26,859	-
Borrowings	20,882	20,882	-
	65,494	65,494	-
Company			
Other payables and accruals	281	281	-
Amount due to subsidiaries	4,257	4,257	-
	4,538	4,538	-

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27. Financial instruments (continued)

(c) Classification of financial instruments (continued)

The table below provides an analysis of financial instruments categories as follows (continued):

	Carrying amounts RM'000	AC RM'000	FVTPL RM'000
2020			
Financial assets			
Group			
Trade receivables	9,797	9,797	-
Amount due from associates	23,546	23,546	-
Other receivables	404	404	-
Deposits	7,686	7,686	-
Cash and bank balances	25,847	25,847	-
Short term cash investments	36,615	-	36,615
	103,895	67,280	36,615
Company			
Amount due from subsidiaries	951	951	-
Amount due from associates	11,837	11,837	-
Deposits	2	2	-
Cash and bank balances	1,686	1,686	-
Short term cash investments	35,447	-	35,447
	49,923	14,476	35,447
Financial liabilities			
Group			
Trade payables	9,044	9,044	-
Other payables and accruals	7,899	7,899	-
Lease liabilities	21,802	21,802	-
Borrowings	22,030	22,030	-
	60,775	60,775	-
Company			
Other payables and accruals	290	290	-
Amount due to subsidiaries	4,258	4,258	-
	4,548	4,548	-

(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.

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	Fair value measurement using		
	Value	Level 1	Level 2	Level 3
2021	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets				
Group				
Amount due from associates	25,500	-	25,500	-
Company				
Amount due from subsidiaries	3,467	-	3,467	-
Amount due from associates	13,429	-	13,429	-
Liabilities				
Group				
Term loans	15,941	-	15,941	-
2020				
Assets				
Group				
Amount due from associates	23,546	-	23,546	-
Company				
Amount due from subsidiaries	951	-	951	-
Amount due from associates	11,837	-	11,837	-
Liabilities				
Group				
Term loans	16,389	-	16,389	-

During the financial year ended 31 March 2021 and 2020, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

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

COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 March 2021.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JULY 2021

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 July 2021

Size of Shareholdings	**No. of Shareholders**	**%**	**No. of Shares**	**%**
less than 100	91	8.82	1,732	0.00
100 to 1,000	291	28.20	163,210	0.07
1,001 to 10,000	391	37.89	2,016,866	0.85
10,001 to 100,000	211	20.44	7,128,680	3.01
100,001 to less than 5% of issued shares	47	4.55	70,096,980	29.55
5% and above of issued shares	1	0.10	157,786,552	66.52
	1,032	100.00	237,194,020	100.00

SUBSTANTIAL SHAREHOLDERS
as at 30 July 2021

	Name of Shareholders	**No. of Shares**					
		Direct	%	Indirect	%	Total	%
1	Providence Capital Sdn Bhd	161,371,452	68.03	–	–	161,371,452	68.03
2	Chieng Ing Huong	–	–	161,371,452 [(1)]	68.03	161,371,452	68.03
3	Roderick Chieng Ngee Kai	2,700,000	1.14	161,371,452 [(2)]	68.03	164,071,452	69.17
4	Brian Chieng Ngee Wen	–	–	163,569,052 [(3)]	68.96	163,569,052	68.96
5	Janet Chieng Ling Min	320,000	0.13	161,371,452 [(4)]	68.03	161,691,452	68.16

(1) Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd
(2) Deemed interest by virtue of interest in Providence Capital Sdn Bhd
(3) Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd
(4) Deemed interest by virtue of her capacity as a director of Providence Capital Sdn Bhd

DIRECTORS' SHAREHOLDINGS
as at 30 July 2021

	Name of Shareholders	**No. of Shares held**					
		Direct	**%**	**Indirect**	**%**	**Total**	**%**
1	Chieng Ing Huong	–	–	161,371,452 [(1)]	68.03	161,371,452	68.03
2	Roderick Chieng Ngee Kai	2,700,000	1.14	161,371,452 [(2)]	68.03	164,071,452	69.17
3	Brian Chieng Ngee Wen	–	–	163,569,052 [(3)]	68.96	163,569,052	68.96
4	Janet Chieng Ling Min	320,000	0.13	161,371,452 [(4)]	68.03	161,691,452	68.16
5	Dato' Chan Choun Sien	24,800	0.01	–	–	24,800	0.01

(1) Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd
(2) Deemed interest by virtue of interest in Providence Capital Sdn Bhd
(3) Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd
(4) Deemed interest by virtue of her capacity as a director of Providence Capital Sdn Bhd

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 30 JULY 2021

LIST OF THIRTY LARGEST SHAREHOLDERS
as at 30 July 2021

	NAME OF SHAREHOLDERS	NO. OF 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 PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)	5,013,600	2.11
6	HUNG HIN CHEONG	4,000,000	1.69
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PROVIDENCE CAPITAL SDN BHD (PB)	3,584,900	1.51
8	TEO KWEE HOCK	3,347,500	1.41
9	ATTRACTIVE FEATURES SDN BHD	3,000,000	1.26
10	RODERICK CHIENG NGEE KAI	2,700,000	1.14
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CORNERSTONE HOLDINGS SDN BHD (PB)	2,197,600	0.93
12	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMAD AZLAN BIN HASHIM	2,162,100	0.91
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	2,078,700	0.88
14	CHOW SHUK WAH KAREN	2,000,000	0.84
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KAN YOW KHEONG	1,980,000	0.83
16	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUBUR RAHMAT SDN BHD	1,959,900	0.83
17	ABDUL HAMID BIN SH MOHAMED	1,800,000	0.76
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KONG CHONG SOON @ CHI SUIM (PB)	1,635,500	0.69
19	LEE CHEE BENG	1,303,000	0.55
20	SUSY DING	1,100,600	0.46
21	CHOW SHUK WAH KAREN	1,000,000	0.42
22	HUNG HIN CHEONG	1,000,000	0.42
23	SHIN KAO JACK	970,600	0.41
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHO CHONG YAU (E-TSA)	770,000	0.32
25	TEE KENG HOON	700,000	0.30
26	HANS PETER HOLST	650,000	0.27
27	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	560,600	0.24
28	TEO AH SENG	477,700	0.20
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NONADIAH BINTI ABDULLAH (8088034)	456,500	0.19
30	WONG WAI KONG	400,000	0.17

LIST OF PROPERTIES

AS AT 31 MARCH 2021

Location	Description/ existing use	Land Area (sq. m.)	Built up area of building (sq. m.)	Age of building (years)	Tenure	Net book value as at 31.03.21 (RM '000)
EIG Dermal Wellness (M) Sdn Bhd						
Lot 11, Jalan Astaka U8/88 Bukit Jelutong, Seksyen U8 40150 Shah Alam, Selangor Darul Ehsan Master title held under: GRN 58804 Mukim of Damansara District of Petaling, Selangor Darul Ehsan	Industrial and office building – Occupied by owner	13,330	9,078.49	15	Freehold	Land 10,032 Building 11,667
Villa Putra Condominium (D'Village) Unit 33B-9-1, Jalan Tun Ismail 50480 Kuala Lumpur Strata title held under: Geran 73501 Bandar Kuala Lumpur Wilayah Persekutuan	Condominium unit with 3 bedrooms & 2 bathrooms – Occcupied by owner	N/A	150	26	Freehold	449
The Summit Subang USJ Lot No. LG47 Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya Selangor Darul Ehsan Strata title held under: Geran 43528 Pekan Subang Jaya District of Petaling Selangor Darul Ehsan	Retail lot – Tenanted	N/A	54.19	20.5	Freehold	575
Queensbay Mall Penang GF-15, Ground Floor Strata title held under: Geran 97433 Mukim 12 District of Barat Daya Pulau Pinang	Retail lot – Occupied by owner	N/A	46.00	14.5	Freehold	385
Queensbay Mall Penang GF-12B, Ground Floor Strata title held under: Geran 97433 Mukim 12 District of Barat Daya Pulau Pinang	Retail lot – Occupied by owner	N/A	46.00	14.5	Freehold	385

LIST OF PROPERTIES (cont'd)

AS AT 31 MARCH 2021

Location	Description/ existing use	Land Area (sq. m.)	Built up area of building (sq. m.)	Age of building (years)	Tenure	Net book value as at 31.03.21 (RM '000)
AsterSpring International Sdn Bhd						
No. 26–R, Jalan Masjid Negeri 11600 Penang Title held under: Geran 106022 Mukim of Bandar George Town District of Timor Laut Pulau Pinang	Double storey semi–detached corner house – Occupied by owner	369	322.76	13	Freehold	Land 1,021 Building 1,245
A–09–09 Empire Office Empire Subang, Jalan SS16/1 47500 Subang Jaya, Selangor Darul Ehsan Title held under: Geran 238145 Mukim of Bandar Subang Jaya District of Petaling Selangor	Commercial unit – Tenanted	N/A	225.66	12	Freehold	2,253

The above properties are located in Malaysia and have not been revalued and do not have any breach of land use conditions.

Location	Description/ existing use	Land Area (sq. m.)	Built up area of building (sq. m.)	Age of building (years)	Tenure	Net book value as at 31.03.21 (RM '000)
Leonard Drake (HK) Limited Suite 1808, 18/F, Elite Centre, 22 Hung To Road, Kwun Tong, Kowloon, Hong Kong	Industrial and office building – Occupied by owner	N/A	394	10	50 years lease expiring 12.02.2058	17,993
EIG Global Pte Ltd Paya Lebar Square #09-27 to #09-31 60 Paya Lebar Road 409051 Singapore	Office building – Occupied by owner	N/A	505	6.5	99 years lease expiring 24.07.2110	36,950
PT EIG Dermal Wellness Indonesia Rukan Puri Niaga II, Jl. Puri Kencana Blok J1,No. 3P & 3Q, Kembangan Selatan, Jakarta Barat 11610, Indonesia Land certificate No. 2956 & 05535 Kembangan Selatan District of Kembangan, Jakarta Barat	Office building – Occupied by owner	N/A	166	19	30 years lease expiring March 2029 and Aug 2035	4,568

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting ("24th AGM") of the Company will be conducted on a fully virtual basis via Remote Participation and Voting facilities ("RPV") from the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") at https://tiih.online on Thursday, 30 September 2021 at 2.30 p.m. to transact the following businesses:-

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Directors' and Auditors' Reports thereon.	**Please refer to Explanatory Note A**
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 2021.	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) Mr. Brian Chieng Ngee Wen	Resolution 3
	c) Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan	Resolution 4
4.	To approve the payment of Directors' fees of RM156,000 for the financial year ended 31 March 2021.	Resolution 5
5.	To approve the payment of Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM304,000 from 30 September 2021 until the next AGM of the Company.	Resolution 6
6.	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
7.	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:-

8.	**ORDINARY RESOLUTION** **Authority to Issue and Allot Shares**	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.	Please refer to Explanatory Notes to the Special Business

BY ORDER OF THE BOARD

LEE WAI NGAN (LS 00184)
Secretary

Shah Alam, Malaysia
30 August 2021

NOTES:

1. A member who is entitled to attend and vote at the meeting via RPV is entitled to appoint a proxy or proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

2. 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.

3. 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.

4. 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 23 September 2021 ("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

5. 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 6

6. **Resolution 6 – Directors' Remuneration**

   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 30 September 2021 up to the next AGM. The estimated amount of Directors' Remuneration for the period from 30 September 2021 up to the next AGM amounts to RM304,000. The remuneration comprises Directors' fees, 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

7. **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-Third Annual General Meeting held on 30 September 2020.

   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.

IMPORTANT NOTICE:

1. Members/proxies/authorised representatives/attorneys are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 24th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV provided in the Administrative Details for the 24th AGM and read the notes below in order to participate remotely via RPV.

2. Members may submit questions to the Board of Directors prior to the 24th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than 28 September 2021 at 2.30 p.m. or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.

3. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 24th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the 24th AGM.

4. The appointment of a proxy may be made by electronic means or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 24th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) By electronic form
   The proxy form can be electronically lodged via TIIH Online website at https://tiih.online. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.

   (ii) In hard copy form
   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Registered Office of the Company at Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

5. Please ensure **ALL** the particulars as required in the proxy form are completed, signed and dated accordingly.

6. Last date and time for lodging the proxy form is **Tuesday, 28 September 2021 at 2.30 p.m.**

7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with 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 forty-eight (48) hours before the time appointed for holding the 24th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

8. A corporate member who has appointed a representative must deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment with the Registered Office of the Company at Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia. The certificate of appointment should be executed in the following manner:

   (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance to the Section 66(2) of the Companies Act, 2016.
   (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      (a) at least two (2) authorised officers, of whom one shall be a director; or
      (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

ESTHETICS INTERNATIONAL GROUP BERHAD
(Company No. 199601035708/408061-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 (the "Company") 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-Fourth Annual General Meeting ("24th AGM") of the Company will be conducted on a fully virtual basis via Remote Participation and Voting facilities ("RPV") from the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") at https://tiih.online on Thursday, 30 September 2021 at 2.30 p.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 2021		
Resolution 2	To re-elect Chieng Ing Huong as Director of the Company		
Resolution 3	To re-elect Brian Chieng Ngee Wen as Director of the Company		
Resolution 4	To re-elect Dato' Dr Noor Zalmy Azizan binti Mohd Ali Azizan as Director of the Company		
Resolution 5	To approve the payment of Directors' fees for the financial year ended 31 March 2021		
Resolution 6	To approve the payment of Directors' benefits up to an amount of RM304,000 from 30 September 2021 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 2021

....
Signature of Member / Common Seal

NOTES:

1. A member who is entitled to attend and vote at the meeting via RPV is entitled to appoint a proxy or proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

2. 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.

3. 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.

4. The appointment of a proxy may be made by electronic means or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 24th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) By electronic form
   The proxy form can be electronically lodged via TIIH Online website at https://tiih.online. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.

   (ii) In hard copy form
   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Registered Office of the Company at Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

5 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 23 September 2021 ("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.

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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.

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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