

Registration No. 200301029985 (632405-X)

**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021**

**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)  
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**FOR THE FINANCIAL YEAR ENDED**  
**30 JUNE 2021**

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**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 30 June 2021.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company during the financial year remain unchanged and comprise the provision of spa, beauty and wellness services, sale of its related products and leasing of wellness equipment and outlet spaces.

**RESULTS**

	<b>RM</b>
Profit after tax for the financial year	<u>30,409</u>

**DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the current financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

**ISSUANCE OF SHARES OR DEBENTURES**

During the financial year, the Company had increased its ordinary share capital from RM11,999,999 to RM15,499,996 by way of the issuance of:

- (i) 1,016,260 new ordinary shares of RM2.46 each amounting to RM2,500,000 to the Directors, an existing shareholder and Crigen MCM Nominee PLT as satisfaction of partial consideration sum for purchase of trade secrets pursuant to the Deed of Assignment and supplemental agreement dated 21 January 2021 and 1 February 2021 respectively (Note 6).
- (ii) 159,744 new ordinary shares of RM6.26 each to the Directors and an existing shareholder amounting to RM999,997 for cash.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. Other than the foregoing, the Company did not issue any other shares and debentures during the financial year.

**REDEEMABLE PREFERENCE SHARES**

During the financial year, the Company issued 30 redeemable preference shares ("RPS") at an issue price of RM100,000 per preference share amounting to RM3,000,000.

The salient terms of the RPS are disclosed in Note 10 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year up to the date of this report are as follows:

Tan Chuen Hooi  
Cynthia Tong Mee Li

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of the financial year in the ordinary shares of the Company during the financial year are as follows:

	At 1.7.2020	Number of ordinary shares		At 30.6.2021
		Allotment	Bought/ (Sold)	
<b>Direct interests:</b>				
Tan Chuen Hooi	2,925,000	165,524	-	3,090,254
Cynthia Tong Mee Li	2,925,000	345,996	(194,507)	3,076,489

## DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the Directors or past Directors of the Company are as follows:

	RM
Fees	99,000
Salary	30,000
EPF	3,690
Other benefits	403
Benefits-in-kind	-
	<u>133,093</u>

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee 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, other than the related party transactions disclosed in the financial statements.

There were no arrangements during or 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.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were made out, 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision 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 Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading;
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Company to meet its obligations as and when they fall due;
  - (ii) the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.
- (e) The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Company for the current financial year are disclosed in Note 18 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company.

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#### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Details of significant events during the financial year are disclosed in Note 25 to the financial statements.

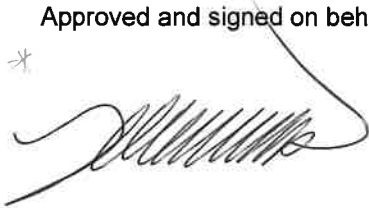
#### **SUBSEQUENT EVENT**

Details of the subsequent event are disclosed in Note 26 to the financial statements.

#### **AUDITORS**

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors:



TAN CHUEN HOOI

Penang

Date: **2 0 DEC 2021**



CYNTHIA TONG MEE LI

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**CRIGEN RESOURCES BERHAD**  
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**STATEMENT BY DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being the Directors of the Company, do hereby state that, in our opinion, the financial statements as set out on pages 9 to 44 are drawn up in accordance with 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 Company as at 30 June 2021 and of its financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors:

\*



TAN CHUEN HOOI

Penang

Date: **2 0 DEC 2021**

\*



CYNTHIA TONG MEE LI



**STATUTORY DECLARATION**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, TAN CHUEN HOOI, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 9 to 44 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the  
abovenamed Tan Chuen Hooi  
at Georgetown in the state of Penang  
on **2 0 DEC 2021**

\*



TAN CHUEN HOOI  
NRIC No. 710804-07-5355

Before me,



Commissioner for oaths

169, Lebuhr Noordin,  
10300 Pulau Pinang.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRIGEN RESOURCES BERHAD**

Registration No. 200301029985 (632405-X)  
(Incorporated in Malaysia)

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Crigen Resources Berhad, which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with 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 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 IESBA Code.

#### **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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CRIGEN RESOURCES BERHAD (cont'd)**  
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If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, 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 Company that give a true and fair view in accordance with 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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 misstatements of the financial statements 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 risks 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

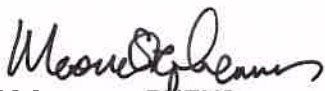
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CRIGEN RESOURCES BERHAD (cont'd)**  
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- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**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 content of this report.



MOORE STEPHENS ASSOCIATES PLT  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)

Penang

Date: 20 December 2021



THAM SHIEN HONG  
03266/04/2023 J  
Chartered Accountant

**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Note	2021 RM	2020 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	9,654,102	8,768,976
Intangible assets	6	7,866,667	-
Right-of-use assets	7	1,628,997	2,523,865
		<u>19,149,766</u>	<u>11,292,841</u>
<b>Current assets</b>			
Trade and other receivables	8	3,724,899	4,957,578
Cash and bank balances		98,854	214,184
		<u>3,823,753</u>	<u>5,171,762</u>
<b>TOTAL ASSETS</b>		<u>22,973,519</u>	<u>16,464,603</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	15,499,996	11,999,999
Accumulated losses		(267,548)	(297,957)
<b>Total equity</b>		<u>15,232,448</u>	<u>11,702,042</u>
<b>Non-current liabilities</b>			
Redeemable preference shares	10	2,988,000	-
Term loans	11	74,870	114,993
Lease liabilities	12	968,323	1,679,010
Deferred tax liabilities	13	555,000	405,000
		<u>4,586,193</u>	<u>2,199,003</u>
<b>Current liabilities</b>			
Trade and other payables	14	1,621,992	608,012
Contract liabilities	15	618,815	820,921
Term loans	11	113,266	65,905
Lease liabilities	12	686,357	887,272
Current tax liabilities		114,448	181,448
		<u>3,154,878</u>	<u>2,563,558</u>
<b>Total liabilities</b>		<u>7,741,071</u>	<u>4,762,561</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>22,973,519</u>	<u>16,464,603</u>

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

**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<b>Note</b>	<b>2021 RM</b>	<b>2020 RM</b>
Revenue	16	8,301,585	4,276,297
Cost of sales		<u>(6,984,878)</u>	<u>(3,785,301)</u>
<b>Gross profit</b>		1,316,707	490,996
Other income	17	839,464	1,474,118
Administrative expenses		<u>(1,588,231)</u>	<u>(1,333,851)</u>
<b>Profit from operations</b>		567,940	631,263
Finance costs		<u>(104,854)</u>	<u>(111,391)</u>
<b>Profit before tax</b>	18	463,086	519,872
Tax expense	19	<u>(432,677)</u>	<u>(129,164)</u>
<b>Net profit, representing total comprehensive income for the financial year</b>		<u><u>30,409</u></u>	<u><u>390,708</u></u>

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

**CRIGEN RESOURCES BERHAD**  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Note	Share capital RM	Accumulated losses RM	Total equity RM
<b>At 1 July 2019</b>		3,000,000	(688,665)	2,311,335
Net profit, representing total comprehensive income for financial year		-	390,708	390,708
<i>Transactions with owners:</i>				
Issuance of ordinary shares	9	<u>8,999,999</u>	<u>-</u>	<u>8,999,999</u>
<b>At 30 June 2020 / 1 July 2020</b>		11,999,999	(297,957)	11,702,042
Net profit, representing total comprehensive income for financial year		-	30,409	30,409
<i>Transactions with owners:</i>				
Issuance of ordinary shares	9	<u>3,499,997</u>	<u>-</u>	<u>3,499,997</u>
<b>At 30 June 2021</b>		<u><u>15,499,996</u></u>	<u><u>(267,548)</u></u>	<u><u>15,232,448</u></u>

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

**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	463,086	519,872
Adjustments for:		
Amortisation of intangible asset	133,333	-
Covid-19 related rent concession	(236,094)	(112,718)
Depreciation of property, plant and equipment	1,194,502	1,053,828
Depreciation of right-of-use assets	839,746	669,666
Gain on lease modification	(6,518)	-
Interest expense	104,854	111,391
Property, plant and equipment written off	7,736	70,151
<b>Operating profit before working capital changes</b>	<b>2,500,645</b>	<b>2,312,190</b>
<b>Changes in working capital:</b>		
Receivables	(1,261,851)	(2,141,510)
Payables	1,029,805	239,014
Contract liabilities	(202,106)	613,927
<b>Cash generated from operations</b>	<b>2,066,493</b>	<b>1,023,621</b>
Interest paid	(104,854)	(111,391)
Tax paid	(349,677)	-
<b>Net cash from operating activities</b>	<b>1,611,962</b>	<b>912,230</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(5,500,000)	-
Purchase of property, plant and equipment	(2,087,364)	(1,327,894)
<b>Net cash used in investing activities</b>	<b>(7,587,364)</b>	<b>(1,327,894)</b>
<b>Cash flows from financing activities</b>		
Drawdown of term loan	75,000	-
Proceeds from unpaid ordinary shares arising from prior year Private Placement	2,494,530	-
Proceeds from issuance of ordinary shares	999,997	708,000
Proceeds from issuance of preference shares, net of transaction costs	2,988,000	-
(Repayment to)/Advance from Directors	(15,825)	422,468
Repayment of term loans	(67,762)	(64,510)
Payment for the principal portion of lease liabilities	(613,868)	(514,531)
<b>Net cash from financing activities</b>	<b>5,860,072</b>	<b>551,427</b>
<b>Net (decrease)/increase in cash and bank balances</b>	<b>(115,330)</b>	<b>135,763</b>
Cash and bank balances at beginning of the financial year	214,184	78,421
<b>Cash and bank balances at end of the financial year</b>	<b>98,854</b>	<b>214,184</b>

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

**CRIGEN RESOURCES BERHAD**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note:**

- (i) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	<b>Term loans RM</b>	<b>Lease liabilities RM</b>	<b>Amount due to Directors RM</b>	<b>Redeemable preference shares RM</b>
<b>2021</b>				
At beginning of the financial year	180,898	2,566,282	15,825	-
Drawdown of term loan	75,000	-	-	-
Repayment to	(67,762)	(613,868)	(15,825)	-
Net changes in cash flows from financing activities	7,238	(613,868)	(15,825)	-
Acquisition of new leases	-	281,017	-	-
Termination of lease	-	(336,139)	-	-
Covid-19 related rent concession	-	(236,094)	-	-
Gain on lease modification	-	(6,518)	-	-
Proceeds from issuance, net of transaction costs	-	-	-	2,988,000
At end of the financial year	188,136	1,654,680	-	2,988,000
<b>2020</b>				
At beginning of the financial year	245,408	-	5,390,826	-
Adjustment on initial application of MFRS 16	-	1,468,068	-	-
At beginning of the financial year, as restated	245,408	1,468,068	5,390,826	-
Repayment to	(64,510)	(514,531)	-	-
Advances from	-	-	422,468	-
Net changes in cash flows from financing activities	(64,510)	(514,531)	422,468	-
Acquisition of new leases	-	1,725,463	-	-
Covid-19 related rent concession	-	(112,718)	-	-
Issuance of shares (Note 9b(i) and 9b(ii))	-	-	(5,797,469)	-
At end of the financial year	180,898	2,566,282	15,825	-

- (ii) Total cash outflows for leases as a lessee:

During the financial year, the total cash outflows for leases that are included in operating and financing activities amounted to RM908,608 (2020: RM1,042,355).

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

**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2021**

**1. CORPORATE INFORMATION**

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and is listed on 1x Exchange Pte. Ltd., a private securities exchange in Singapore.

The registered office of the Company is located at Glomac Business Centre, Unit 302, Block A, Jalan SS 6/1, Kelana Jaya, Petaling Jaya, 47301 Selangor Darul Ehsan.

The principal place of business of the Company is located at 98-2-23B, Prima Tanjung, Jalan Fettes, 10470 Tanjong Tokong, Penang.

The principal activities of the Company during the financial year remain unchanged and comprise the provision of spa, beauty and wellness services, sale of its related products and leasing of wellness equipment and outlet spaces.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 20 December 2021.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

**New and Revised MFRSs and Amendments/Improvements to MFRSs**

**(i) Adoption of Amendments to MFRSs**

The Company has adopted the following Amendments to MFRSs that are mandatory for the current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

Initial application of the above standards did not have any significant effect on the financial statements of the Company.

**(ii) Standards issued but not yet effective and have not been early adopted**

The Company has not adopted the following new MFRSs and Amendments/Improvements to MFRSs that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:



***Effective for financial periods beginning on or after 1 January 2021***

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
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***Effective for financial periods beginning on or after 1 April 2021***

Amendments to MFRS 16	Covid-19 – Related Rent Concession beyond 30 June 2021
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***Effective for financial periods beginning on or after 1 January 2022***

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	

***Effective for financial periods beginning on or after 1 January 2023***

MFRS 17 and Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

***Effective date to be announced***

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Company will adopt the above standards when they become effective in the respective financial periods. These standards are not expected to have any effect to the financial statements of the Company upon initial application.

**(b) Basis of measurement**

The financial statements of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

**(c) Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

**3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES**

The summary of accounting policies as described in Note 4 are essential to understand the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Company's accounting policies.

Estimates and underlying assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and underlying assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

**(i) Depreciation of plant and equipment**

The cost of an item of plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of plant and equipment.

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

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows. The Company has also taken into consideration the impact of Covid-19 pandemic in the process of estimating future cash flows.

**(iii) Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

For non-trade receivables, the Company applies the approach permitted by MFRS 9, which requires the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

**(a) Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repairs and maintenance costs are recognised in profit or loss as incurred.

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 Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Beauty equipment	10%
Healthcare wellness equipment	10%
Spa equipment	10%
Computer and software	33.33%
Office equipment	10%
Renovation	10%
Furniture and fittings	10%
Motor vehicle	20%

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

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

(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 the disposal is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

**(b) Intangible assets**

Intangible assets comprise trade secrets in relation to the Company's spa and wellness services. Trade secrets acquired are measured at cost less accumulated amortisation and any accumulated impairment losses. Trade secrets, which are regarded to have finite useful lives are amortised on a straight-line basis over their estimated useful lives of 10 years. The carrying amount of these costs is reviewed annually and will be written down when its value had deteriorated or when it ceases to have any economic useful life. The policy for the recognition and measurement of impairment loss is in accordance with Note 4(e)(ii).

**(c) Leases**

As a lessee

The Company recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured 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 ROU assets and lease liabilities are presented as a separate line in the statement of financial position.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined as follows:

Outlet spaces and buildings	2 to 6 years
Motor vehicle	5 years

In addition, the ROU assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Company applies MFRS 136 to determine whether a ROU asset is impaired and accounts for any identified impairment loss in accordance with Note 4(e)(ii).

The lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liabilities include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Company is reasonably certain to exercise.

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Company applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

**(d) Financial instruments**

**(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Financial instrument categories and subsequent measurement**

The Company categorises financial instruments as follows:

***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

**Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets.

All financial assets are subject to impairment assessment as disclosed in Note 4(e)(i).

### ***Financial liabilities***

#### **Amortised cost**

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

#### **(iii) Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### **(iv) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity 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 expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### **(e) Impairment**

#### **(i) Financial assets**

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. ECLs are a probability-weighted estimate of credit losses.

Loss allowances of the Company are measured on either of the following bases:

- (i) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the end of the reporting period (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach – trade receivables

The Company applies the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where applicable.

General approach – other financial instruments

The Company applies the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measure at an amount equal to 12-months ECLs at initial recognition.

At the end of each reporting period, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers 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 Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 1 year past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit impaired financial assets

At the end of each reporting period, the Company assesses whether financial assets carried at amortised cost is 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 the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than 1 year past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

#### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources 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 Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

#### (ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.



**(f) Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank and on hand, fixed deposits with licensed banks and other short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, and pledged deposits, if any.

**(g) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

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.

**(h) Preference shares**

Preference shares are classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, or is the equity holders' ultimate intention to convert the preference shares into ordinary shares, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity.

Preference shares are classified as liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as incurred.

**(i) Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

**(j) Revenue and other income recognition**

**(i) Revenue from contract with customers**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- The customer simultaneously received and consumes the benefits provided as the Company performs.
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

#### Spa, beauty and wellness treatment services

The Company sells prepaid packages for spa, beauty and wellness treatments which comprise multiple number of treatments. The service period of a prepaid package is one year. Prepaid packages are non-refundable and customers may utilise all of their contracted rights within the service period. Revenue is recognised over time when the PO is satisfied over the period of the contract i.e. when services are rendered to the customers.

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received the consideration from or has billed the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company has fulfilled the necessary performance obligation under the contract.

#### Sale of spa, beauty and wellness products

Revenue from sale of beauty and wellness products is recognised upon delivery of goods when the control of the goods has been passed to the customers, net of sales and services taxes and discounts, if any. Such revenue is recognised at point in time when control of goods is transferred to the customers.

#### Rental income

Rental income comprises leasing of wellness equipment and outlet spaces and is recognised in profit or loss on a straight-line basis over the term of the lease.

#### (ii) Other fees

Other fees such as administrative handling fee, consultation fee and training fee are recognised in profit or loss on the date the Company has rendered the services. Such fees are recognised as other income.

#### (k) **Employee benefits**

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

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave, are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) **Defined contribution plans**

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(l) **Government grant/assistance**

Grants/Assistance from government is recognised when there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants/assistance relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grant/assistance related to assets are presented in the statement of financial position as deferred revenue and recognised in profit or loss on a systematic basis over the useful life of the asset.

(m) **Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Other borrowing costs i.e. bank and finance charges are recognised as expenses in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(n) **Income taxes**

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

### Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets 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 business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

### **(o) Related parties**

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group.
  - (ii) The entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) The 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 benefits of employees of either the Company or an entity related to the Company.
  - (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 Company or is a member of the key management personnel of the Company.
  - (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Company.

**(p) Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and 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.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- |          |  |
|----------|--|
| Level 1: | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.  |
| Level 2: | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3: | Unobservable inputs for the asset or liability.  |

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 5. PROPERTY, PLANT AND EQUIPMENT

At cost	Beauty equipment RM	Healthcare wellness equipment RM	Spa equipment RM	Computer and software RM	Office equipment RM	Renovation RM	Furniture and fittings RM	Capital work-in- progress RM	Total RM
At 1 July 2019	8,080,000	-	245,496	58,251	45,516	2,789,316	113,785	-	11,332,364
Additions	-	622,760	3,500	3,883	47,751	650,000	-	-	1,327,894
Written off	-	-	-	-	-	(428,777)	(28,385)	-	(457,162)
At 30 June 2020 / 1 July 2020	8,080,000	622,760	248,996	62,134	93,267	3,010,539	85,400	-	12,203,096
Additions	-	463,000	-	15,857	51,124	570,984	59,833	926,566	2,087,364
Written off	-	-	(13,079)	-	(6,800)	(241,957)	-	-	(261,836)
At 30 June 2021	8,080,000	1,085,760	235,917	77,991	137,591	3,339,566	145,233	926,566	14,028,624
Accumulated depreciation									
At 1 July 2019	808,000	-	183,807	46,770	24,847	1,664,376	39,503	-	2,767,303
Current charge	808,000	22,065	8,073	4,662	4,369	197,744	8,915	-	1,053,828
Written off	-	-	-	-	-	(359,943)	(27,068)	-	(387,011)
At 30 June 2020 / 1 July 2020	1,616,000	22,065	191,880	51,432	29,216	1,502,177	21,350	-	3,434,120
Current charge	808,000	107,201	7,545	8,351	10,427	239,950	13,028	-	1,194,502
Written off	-	-	(7,272)	-	(4,881)	(241,947)	-	-	(254,100)
At 30 June 2021	2,424,000	129,266	192,153	59,783	34,762	1,500,180	34,378	-	4,374,522
Carrying amount									
At 30 June 2021	5,656,000	956,494	43,764	18,208	102,829	1,839,386	110,855	926,566	9,654,102
At 30 June 2020	6,464,000	600,695	57,116	10,702	64,051	1,508,362	64,050	-	8,768,976

**6. INTANGIBLE ASSETS**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
Balance at beginning	-	-
Addition	8,000,000	-
Balance at end	<u>8,000,000</u>	<u>-</u>
<b>Accumulated amortisation</b>		
Balance at beginning	-	-
Current charge	133,333	-
Balance at end	<u>133,333</u>	<u>-</u>
<b>Carrying amount</b>	<u>7,866,667</u>	<u>-</u>

On 21 January 2021, the Company (the "Assignee") entered into a Deed of Assignment with Cynthia Tong Mee Li ("Cynthia"), Tan Chuen Hooi and Wong Loke Suan (collectively referred to as the "Assignors") for the Company to acquire from the Assignors the technical and marketing knowhow, procedures and practices, including devices and ingredients used in its provision of spa and wellness services ("trade secrets"). Subsequently on 1 February 2021, the Assignee and Assignors entered into a supplemental agreement to revise certain terms and conditions in the Deed of Assignment.

The total consideration for the acquisition of trade secrets was RM8,000,000 of which the Company has paid the Assignors in the following manner:

- (a) Cash payment of RM5,500,000 to Cynthia; and
- (b) Issuance of 1,016,260 new ordinary shares of RM2.46 each on 24 April 2021 amounting to RM2,500,000 to the following parties:
  - (i) 469,934 shares to Crigen MCM Nominee PLT, a partnership belonging to the Directors and a key management personnel of the Company;
  - (ii) 282,098 shares to Cynthia;
  - (iii) 101,626 shares to Tan Chuen Hooi; and
  - (iv) 162,602 shares to Wong Loke Suan.

The amortisation of trade secrets is included in cost of sales.

**7. RIGHT-OF-USE ASSETS**

	<b>Outlet spaces and buildings RM</b>	<b>Motor vehicle RM</b>	<b>Total RM</b>
<b>At cost</b>			
At 1 July 2019	1,468,068	-	1,468,068
Additions	1,725,463	-	1,725,463
At 30 June 2019 / 1 July 2020	3,193,531	-	3,193,531
Additions	117,017	164,000	281,017
Termination of lease	(422,328)	-	(422,328)
At 30 June 2021	2,888,220	164,000	3,052,220
<b>Accumulated depreciation</b>			
At 1 July 2019	-	-	-
Current charge	669,666	-	669,666
At 30 June 2019 / 1 July 2020	669,666	-	669,666
Current charge	831,546	8,200	839,746
Termination of lease	(86,189)	-	(86,189)
At 30 June 2021	1,415,023	8,200	1,423,223
<b>Carrying amount</b>			
At 30 June 2021	1,473,197	155,800	1,628,997
At 30 June 2020	2,523,865	-	2,523,865

The Company leases a number of outlet spaces and properties that run between 2 years and 3 years, with an option to renew the lease after that date. The motor vehicle is being acquired under a 5 years lease arrangement and is pledged as security for the related lease liabilities (Note 12).

The expenses charged to profit or loss during the financial year are as follows:

	<b>2021 RM</b>	<b>2020 RM</b>
Depreciation of right-of-use assets	839,746	669,666
Interest expense on lease liabilities	88,554	96,727
Expenses relating to short-term leases	205,826	431,097
Expenses relating to low value assets	360	-



**8. TRADE AND OTHER RECEIVABLES**

	<b>Note</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Trade</b>	<b>(a)</b>		
Third parties		1,965,790	-
Related parties	<b>(b)</b>	668,457	1,994,050
		<u>2,634,247</u>	<u>1,994,050</u>
<b>Non-trade</b>			
Related parties	<b>(b)</b>	463,382	2,494,530
Deposits		423,228	410,837
Government assistance		16,800	46,800
Prepayments		187,031	11,150
GST claimable		211	211
		<u>1,090,652</u>	<u>2,963,528</u>
		<u>3,724,899</u>	<u>4,957,578</u>

- (a) The trade receivables are non-interest bearing and are generally on 180 days (2020: 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Related parties comprise the following:
- (i) Koperasi Usahawan Metropolitan Kuala Lumpur Berhad ("Koperasi") (Note 20a). The entire non-trade amount in the previous reporting period consists of consideration receivable from Koperasi pursuant to the Private Placement (Note 9b(iii)). The consideration has been fully settled during the current financial year.
  - (ii) Crigen Capital Sdn. Bhd. and Crigen Resources Pty. Ltd., companies in which the Directors of the Company have substantial financial interests. The non-trade related amount is unsecured, non-interest bearing and is repayable on demand.
  - (iii) CA Life Science Sdn. Bhd., a company in which the director is a person connected to the Directors of the Company. The amount is unsecured, non-interest bearing and is repayable on demand.

**9. SHARE CAPITAL**

	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>2021 Unit</b>	<b>2020 Unit</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Issued and fully/ partially paid:</b>				
Balance at beginning	8,735,772	3,000,000	11,999,999	3,000,000
Issuance	1,176,004	5,735,772	3,499,997	8,999,999
Balance at end	<u>9,911,776</u>	<u>8,735,772</u>	<u>15,499,996</u>	<u>11,999,999</u>
<b>Analysed as:</b>				
Fully paid	9,911,776	7,721,735	15,499,996	9,505,469
Unpaid	-	1,014,037	-	2,494,530
	<u>9,911,776</u>	<u>8,735,772</u>	<u>15,499,996</u>	<u>11,999,999</u>

**(a) Current financial year**

The Company had increased its ordinary share capital from RM11,999,999 to RM15,499,996 by way of the issuance of:

- (i) 1,016,260 new ordinary shares of RM2.46 each amounting to RM2,500,000 to the parties disclosed in Note 6b as satisfaction of partial consideration sum for purchase of trade secrets pursuant to the Deed of Assignment and supplemental agreement dated 21 January 2021 and 1 February 2021 respectively.
- (ii) 159,744 new ordinary shares of RM6.26 each to the Directors and an existing shareholder amounting to RM999,997 for cash.

**(b) Previous financial year**

The Company had increased its ordinary share capital from RM3,000,000 to RM11,999,999 by way of the issuance of:

- (i) 3,500,000 new ordinary shares of RM1 each to the Directors and a third party as satisfaction of RM3,500,000 owing to a Director.
- (ii) 933,931 new ordinary shares of RM2.46 each to Koperasi via a debt settlement with the Directors of RM2,297,469.
- (iii) 1,301,841 new ordinary shares of RM2.46 each to Koperasi amounting to RM3,202,530 via a Private Placement, whereby RM708,000 was paid up with the remaining unpaid balance of RM2,494,530 payable not later than 30 November 2020 (Note 8b(i)) pursuant to a board resolution dated 5 June 2020.

The unpaid shares have been fully paid up during the current financial year.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per 1,000,000 ordinary shares at meetings of the Company. The ordinary shares have no par value.

**10. REDEEMABLE PREFERENCE SHARES**

	<b>2021 RM</b>	<b>2020 RM</b>
Issuance	3,000,000	-
Transaction cost	(12,000)	-
	<u>2,988,000</u>	<u>-</u>

On 16 November 2020, the Company issued 30 redeemable preference shares ("RPS") at an issue price of RM100,000 per preference share amounting to RM3,000,000. The transaction cost of RM12,000 was deducted from the total proceeds of the issue to determine the initial carrying amount of the RPS. The RPS are classified and presented as a financial liability measured at amortised cost instead of equity in accordance with the requirements of MFRS 132 Financial Instruments: Presentation.

The salient terms of the RPS are disclosed are as follows:

- (a) The RPS are redeemable two (2) years after the issuance thereof or at the option of the Company for any early redemption.
- (b) The RPS holders are entitled to receive a cumulative preferential cash dividend ("Dividend") at the rate of twelve per cent (12%) per annum payable on 31 December in each year ("Dividend Date") when, as and if declared by the Board of Directors of the Company ("Board"). The Board reserves the rights to declare interim dividend from time to time at the Board's discretion.
- (c) In the event of the commencement of any dissolution or winding up of the Company before any redemption of the preference shares, the preference shares shall rank senior to the holders of the Company's ordinary shares and any other securities of obligations of the Company that are subordinated to the preference shares. On such dissolution or winding up, each preference shareholder shall be entitled to receive an amount equal to the Redemption Price together with any accrued but unpaid Dividend (whether or not declared).
- (d) The RPS holders shall not be entitled to attend and vote at general meetings of the Company. The RPS holders shall be entitled to attend class meetings of the RPS holders. Every RPS holder who is present in person in such class meetings shall have on a show of hands one vote and on a poll vote for every RPS of which he is the holder.

#### 11. TERM LOANS

	2021 RM	2020 RM
Repayable within 1 year (current)	113,266	65,905
Repayable between 1 and 2 years	33,920	97,650
Repayable between 2 and 5 years	40,950	17,343
	74,870	114,993
	<u>188,136</u>	<u>180,898</u>

##### (a) Term loan 1

As a measure by Bank Negara Malaysia to relieve the burden on businesses affected by the Covid-19 outbreak, a temporary deferment of loan repayment obligations ("Moratorium") for six months from 1 April 2020 until 30 September 2020 is granted to small and medium enterprises. The Company resumed the instalment payment in October 2020 following the expiry of the Moratorium period.

##### (b) Term loan 2

The Company had in September 2020, obtained a RM75,000 fixed loan from a licensed bank. The licensed bank has granted a first six months Moratorium from September 2020 to March 2021. The first instalment commenced on the seventh month from the loan drawdown date i.e. April 2021.

The effective interest rates per annum of the term loans at the end of the reporting period range from 3.97% to 6.50% (2020: 6.50%).

The term loans are secured by way of:

- (i) 80% guaranteed by the Government of Malaysia under Government Guarantee Scheme ("GGS Prihatin"); and
- (ii) Joint and several guarantee by the Directors.

## 12. LEASE LIABILITIES

	2021 RM	2020 RM
<b>Minimum lease payments</b>		
Repayable within 1 year	744,216	986,244
Repayable between 1 to 2 years	456,116	790,944
Repayable between 2 to 5 years	575,440	888,279
Repayable more than 5 years	-	117,000
	<u>1,775,772</u>	<u>2,782,467</u>
Less: Future finance charges	(121,092)	(216,185)
Present value of lease payments	<u>1,654,680</u>	<u>2,566,282</u>

The present values of lease liabilities are analysed as follows:

	2021 RM	2020 RM
Repayable within 1 year (current)	686,357	887,272
Repayable between 1 to 2 years	423,883	731,368
Repayable between 2 to 5 years	544,440	832,759
Repayable more than 5 years	-	114,883
Repayable after 1 year (non-current)	<u>968,323</u>	<u>1,679,010</u>
	<u>1,654,680</u>	<u>2,566,282</u>

The lease liabilities bear effective interest rates ranging from 2.18% to 4.93% (2020: 4.52% to 4.98%) per annum.

## 13. DEFERRED TAX LIABILITIES

	2021 RM	2020 RM
Balance at beginning	405,000	482,836
Recognised in profit or loss	149,000	10,000
	<u>554,000</u>	<u>492,836</u>
Under/(Over) provision in prior year	1,000	(87,836)
Balance at end	<u>555,000</u>	<u>405,000</u>

The recognised deferred tax liabilities/(assets) before offsetting are as follows:

	2021 RM	2020 RM
Property, plant and equipment	705,000	667,000
Contract liabilities	(149,000)	(262,000)
Unutilised capital allowances	(1,000)	-
	<u>555,000</u>	<u>405,000</u>

Deferred tax assets and liabilities are offset where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The Company has recognised the deferred tax assets based on the current level of operations and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

#### 14. TRADE AND OTHER PAYABLES

	Note	2021 RM	2020 RM
<b>Trade</b>			
Third parties	(a)	<u>918,777</u>	<u>124,708</u>
<b>Non-trade</b>			
Third parties		421,711	305,851
Related party	(b)	25,526	-
Directors	(c)	-	15,825
Shareholder	(c)	39,852	-
Accruals		<u>216,126</u>	<u>161,628</u>
		<u>703,215</u>	<u>483,304</u>
		<u>1,621,992</u>	<u>608,012</u>

- (a) The trade payables are non-interest bearing and are normally settled within 30 to 180 days (2020: 30 days) credit terms.
- (b) Related party refers to EDM Resources Group Sdn. Bhd., a company in which a key management personnel of the Company and a shareholder of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.
- (c) It is unsecured, non-interest bearing and is repayable on demand.

#### 15. CONTRACT LIABILITIES

Contract liabilities relate to the unearned revenue or unexpired packages from the sale of spa, beauty and wellness treatment packages and are recognised on the statement of financial position when consideration is received from or billed to the customers, but services are yet to be performed.

Revenue will be recognised in profit or loss when performance obligations are satisfied which is expected to be rendered in the next twelve months.

# 16. REVENUE

	2021 RM	2020 RM
<b>Contract with customers:</b>		
Spa, beauty treatment and wellness services	2,009,658	1,431,116
Rental of equipment and outlet spaces	693,600	1,638,800
Beauty and wellness products	5,475,141	1,206,381
Confinement products and services	123,186	-
	<u>8,301,585</u>	<u>4,276,297</u>
<b>Timing of revenue recognition:</b>		
- Point in time	2,344,456	951,519
- Over time	5,957,129	3,324,778
	<u>8,301,585</u>	<u>4,276,297</u>

# 17. OTHER INCOME

	2021 RM	2020 RM
Administrative handling fee	72,000	306,500
Commission income	33,874	-
Consultation fee	216,000	330,000
Covid-19 related rent concession	236,094	112,718
Gain on lease modification	6,518	-
Government grant	1,378	-
Sundry income	1,200	-
Training fee	158,400	584,500
Wage subsidy *	114,000	140,400
	<u>839,464</u>	<u>1,474,118</u>

\* Representing government assistance in relation to wage subsidies for eligible employees.

# 18. PROFIT BEFORE TAX

This is arrived at after charging:

	Note	2021 RM	2020 RM
Amortisation of intangible asset		133,333	-
Auditors' remuneration:			
- Statutory audit		35,000	35,000
- Non-audit services		15,000	-
Depreciation of property, plant and equipment		1,194,502	1,053,828
Depreciation of right-of-use assets		839,746	669,666
Directors' remuneration	(a)	133,093	65,000
Employee benefits expense	(b)	1,340,892	1,444,571
Interest expense on:			
- Lease liabilities		88,554	96,727
- Term loans		16,300	14,664
Property, plant and equipment written off		<u>7,736</u>	<u>70,151</u>

	2021 RM	2020 RM
<b>(a) Directors' remuneration</b>		
Fees	99,000	65,000
Salary	30,000	-
Contributions to defined contribution plan	3,690	-
Other benefits	403	-
	<u>133,093</u>	<u>65,000</u>
<b>(b) Employee benefits expense</b>		
Salary, allowances, wages and commission	1,204,257	1,305,808
Contributions to defined contribution plan	117,755	119,193
Social security contributions	18,880	19,570
	<u>1,340,892</u>	<u>1,444,571</u>

## 19. TAX EXPENSE

	2021 RM	2020 RM
Based on results for the financial year		
- Current tax	(229,000)	(207,000)
- Deferred tax relating to the origination and reversal of temporary differences	(149,000)	(10,000)
	<u>(378,000)</u>	<u>(217,000)</u>
(Under)/Over provision in prior year		
- Current tax	(53,677)	-
- Deferred tax	(1,000)	87,836
	<u>(54,677)</u>	<u>87,836</u>
	<u>(432,677)</u>	<u>(129,164)</u>

The reconciliation of tax expense of the Company is as follows:

	2021 RM	2020 RM
Profit before tax	<u>463,086</u>	<u>519,872</u>
Tax at Malaysian statutory tax rate of 24%	(111,141)	(124,769)
Non-deductible expenses	(266,859)	(92,231)
	<u>(378,000)</u>	<u>(217,000)</u>
(Under)/Over provision in prior year	(54,677)	87,836
	<u>(432,677)</u>	<u>(129,164)</u>

The Company has unabsorbed capital allowances estimated at RM5,000 (2020: RM Nil) available for set-off against future taxable profit.

The availability of the capital allowances will be subject to Inland Revenue Board's discretion and approval to offset against future taxable profit.

Effective from the year of assessment 2019, the unutilised tax losses can only be carried forward up to a maximum of 7 years from the year in which the loss is generated, whilst the unutilised capital allowances may still be carried forward indefinitely.

## 20. RELATED PARTY TRANSACTIONS

### (a) Identity of related parties

The Company has related party relationships with its key management personnel and the following parties:

Related party	Relationship
Crigen Capital Sdn. Bhd. ("CCSB") and Crigen Resources Pty. Ltd.	: Companies in which the Directors of the Company have substantial financial interests
EDM Resources Group Sdn. Bhd. ("EDM")	: A company in which a key management personnel of the Company has financial interest and a shareholder of the Company has deemed interest
CA Life Science Sdn. Bhd.	: A company in which a director is a person connected to the Directors of the Company
Max Capital Management PLT ("MCM")	: A partnership in which a key management personnel of the Company is a partner.
Koperasi Usahawan Metropolitan Kuala Lumpur Berhad	: A registered cooperative which became a shareholder of the Company on 4 May 2020 and ceased to be a shareholder on 17 July 2020. All transactions have been entered into upon receiving the necessary mandates from the cooperative's members.

### (b) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Company has the following related party transactions during the financial year:

	2021 RM	2020 RM
Income/(Expense):		
<b>With CCSB</b>		
- Sale of spa, beauty treatment and wellness packages	5,115,510	932,560
- Equipment and outlet spaces rental	693,600	706,800
- Administrative handling fee	72,000	174,000
- Training fee	158,400	187,000
- Consultancy fee	216,000	330,000
- Commission	(498,351)	-
- Telemarketing	(249,176)	-
<b>With EDM</b>		
- Commission	33,874	-
<b>With MCM</b>		
- Professional fees	(300,000)	-



(c) **Compensation of key management personnel**

Key management personnel are those persons including Directors having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The Company has no other members of key management personnel apart from the board of Directors which compensation has been shown in Note 18a.

**21. CAPITAL COMMITMENTS**

	<b>2021 RM</b>	<b>2020 RM</b>
Approved and contracted for: Property, plant and equipment	<u>597,757</u>	<u>-</u>

**22. FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

	<b>2021 RM</b>	<b>2020 RM</b>
<b>Financial assets</b>		
<u>Amortised cost</u>		
Trade and other receivables	3,537,657	4,946,217
Cash and bank balances	<u>98,854</u>	<u>214,184</u>
	<u>3,636,511</u>	<u>5,160,401</u>
<b>Financial liabilities</b>		
<u>Amortised cost</u>		
Redeemable preference shares	2,988,000	-
Trade and other payables	1,621,992	608,012
Term loans	188,136	180,898
Lease liabilities	<u>1,654,680</u>	<u>2,566,282</u>
	<u>6,452,808</u>	<u>3,355,192</u>

**Financial risk management objectives and policies**

The Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk and interest rate risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is integral to the whole business of the Company. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities.

(a) **Credit risk**

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables. There are no significant changes as compared to prior periods.

## Trade receivables

### Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Company's associations to business partners with good credit rating.

At the end of each reporting period, the Company assesses whether any of the trade receivables are credit impaired.

There are no significant changes as compared to the previous financial year.

### Exposure to credit risk and credit quality

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts as disclosed in the notes to the financial statements.

### Credit risk concentration profile

As at the end of the reporting period, the Company has significant concentration of credit risk arising from the amount owing from 2 (2020: 1) customers, representing 95% (2020: 92%) of the trade receivables.

### Recognition and measurement of impairment loss

The Company has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECLs. The Company assesses impairment of trade receivables on individual basis.

For individual assessment, the trade receivable is determined to be credit impaired if it is in significant financial difficulties and have defaulted on payments for more than a year. Certain customers may have delayed in repayment but are usually collected subsequently without owing more than a year. Furthermore, based on historical data, the Company does not have any historical loss experience and as such, deemed the ECLs impairment to be negligible.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period:

	Gross RM	Loss allowance RM	Net RM
<b>2021</b>			
Neither past due nor impaired	2,624,937	-	2,624,937
Past due but not impaired:			
Up to 60 days	9,310	-	9,310
61 to 120 days	-	-	-
More than 120 days	-	-	-
	9,310	-	9,310
	<u>2,634,247</u>	<u>-</u>	<u>2,634,247</u>

	<b>Gross RM</b>	<b>Loss allowance RM</b>	<b>Net RM</b>
<b>2020</b>			
Neither past due nor impaired	380,450	-	380,450
Past due but not impaired:			
Up to 60 days	1,013,600	-	1,013,600
61 to 120 days	404,000	-	404,000
More than 120 days	196,000	-	196,000
	<u>1,613,600</u>	<u>-</u>	<u>1,613,600</u>
	<u>1,994,050</u>	<u>-</u>	<u>1,994,050</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Company. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### **Cash at bank**

The bank balance is held with a licensed bank. As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position. The bank has low credit risks. Hence, a loss allowance is not necessary.

#### **Other receivables**

Other receivables comprise unsecured advances to related parties including a Director. Generally, the Company considers these advances to have low credit risk. The Company assumes that there is a significant increase in credit risk when a related party's financial position deteriorates significantly. As the Company is able to determine the timing of payments of these advances when they are payable, the Company considers the advances to be in default when the related parties are not able to pay when demanded.

The Company determines the probability of default for these advances individually using internal information available. As at the end of the reporting period, there were no indications of impairment loss in respect of these advances.

#### **Deposits**

Credit risks on deposits mainly arose from refundable deposits paid for rental of properties. These deposits are refundable at the end of the lease terms. The Company manages the credit risk together with the leasing arrangement. Management has assessed these deposits to have low credit risk and that the expected credit loss is negligible.

#### **(b) Interest rate risk**

Interest rate risk is the risk that the fair value of the future cash flows of the Company's future instruments will fluctuate because of change in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial liabilities.

Exposure in interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting period is as follows:

	2021 RM	2020 RM
<b>Fixed rate instruments:</b>		
Financial liabilities	<u>3,230,272</u>	<u>180,898</u>
<b>Floating rate instrument:</b>		
Financial liabilities	<u>73,142</u>	<u>-</u>

**Interest rate risk sensitivity analysis**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial instrument at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rates as of the end of the reporting period, with all other variables held constant:

	2021 RM	2020 RM
<b>Effect on loss for the financial year:</b>		
Increase by 25 basis points	(139)	-
Decrease by 25 basis points	<u>139</u>	<u>-</u>

(c) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and where required, mitigate the effects of fluctuations in cash flows.

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the end of each reporting period based on contractual undiscounted repayment obligations.

	Carrying amount RM	Contractual cash flows RM	Contractual cash flows Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
<b>2021</b>						
<b>Non-derivative financial liabilities</b>						
Redeemable preference shares	2,988,000	3,720,000	360,000	3,360,000	-	-
Term loans	188,136	212,107	125,124	43,130	43,853	-
Lease liabilities	1,654,680	1,775,772	744,216	456,116	575,440	-
Trade and other payables	1,621,992	1,621,992	1,621,992	-	-	-
	<u>6,452,808</u>	<u>7,329,871</u>	<u>2,851,332</u>	<u>3,859,246</u>	<u>619,293</u>	<u>-</u>
<b>2020</b>						
<b>Non-derivative financial liabilities</b>						
Term loans	180,898	202,314	79,173	105,564	17,577	-
Lease liabilities	2,566,282	2,782,467	986,244	790,944	888,279	117,000
Trade and other payables	608,012	608,012	608,012	-	-	-
	<u>3,355,192</u>	<u>3,592,793</u>	<u>1,673,429</u>	<u>896,508</u>	<u>905,856</u>	<u>117,000</u>

**23. FAIR VALUE INFORMATION**

The carrying amounts of trade and other receivables (excluding prepayments and GST receivable), trade and other payables and cash and bank balances approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

**24. CAPITAL MANAGEMENT**

When managing capital, the objectives of the Company are: (a) to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for its shareholder and benefits for other stakeholders, and (b) to provide an adequate return to its shareholder by pricing products and services commensurate with the level of risk.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its shareholder, return capital to its shareholder, issue new shares, or sell assets to reduce debt. There were no changes in the Company's approach to capital management during the financial year under review as compared to previous financial year.

The Company is not subject to any externally imposed capital requirement.

## **25. SIGNIFICANT EVENTS**

### **(i) Listing on 1exchange in Singapore**

On 22 July 2020, the Company was listed on 1x Exchange Pte. Ltd., a private securities exchange named 1exchange ("1X") in Singapore.

### **(ii) Acquisition of confinement centre business**

On 15 September 2020, the Company entered into a Sales and Purchase of Business Assets Agreement ("Agreement") to acquire the confinement centre business of Double Onefive Sdn. Bhd. for a total cash consideration of RM150,000.

### **(iii) Coronavirus ("Covid-19")**

During March 2020, the World Health Organization declared the Covid-19 disease outbreak as a global pandemic. As a result, the Malaysian Government has taken certain actions in dealing with the pandemic, which included the declaration of the Movement Control Order ("MCO") which came into effect on 18 March 2020. The introduction of the MCO resulted in the suspension of businesses that were non-essential in the country and had interfered with the general activity levels in the community and the economy.

The Company remains optimistic about its prospects moving forward, premised on the strength and resilience of the Company's business, despite the challenging market outlook and the uncertainties from the Covid-19 pandemic outbreak. The Company has taken and will continue to take necessary steps to safeguard its financial condition, emphasizing on the liquidity management to meet its continuing financial commitment needs of its business operations.

The Company is unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 30 June 2022 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. The Company will continuously monitor the impact of Covid-19 on its operations and its financial performance.

## **26. SUBSEQUENT EVENT**

On 7 July 2021, the Company acquired 500,000 ordinary shares, representing the entire equity interest in CA Life Science Sdn. Bhd. ("CA Life Science") for a total purchase consideration of RM4,531. Following the acquisition, CA Life Science became a wholly-owned subsidiary of the Company.

**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**DETAILED INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<b>2021 RM</b>	<b>2020 RM</b>
<b>REVENUE</b>		
Spa, beauty treatment and wellness services		
Internet sales	3,093	29,450
Package sales	1,798,722	5,143
Services rendered	107,138	922,069
Spa membership fee	100,705	474,454
	<u>2,009,658</u>	<u>1,431,116</u>
Rental of equipment and outlet spaces		
Machine renting	564,000	1,447,800
Venue renting	129,600	191,000
	<u>693,600</u>	<u>1,638,800</u>
Beauty and wellness products		
Product sales	3,640,841	1,206,381
Trading sales - facial masks and wellness supplements	1,834,300	-
	<u>5,475,141</u>	<u>1,206,381</u>
Confinement products and services		
Product sales	1,135	-
Package sales	122,051	-
	<u>123,186</u>	<u>-</u>
	<u>8,301,585</u>	<u>4,276,297</u>
<b>LESS: COST OF SALES</b>	<u>(6,984,878)</u>	<u>(3,785,301)</u>
<b>GROSS PROFIT</b>	<b>1,316,707</b>	<b>490,996</b>
<b>OTHER INCOME</b>		
Admin handling fee	72,000	306,500
Commission income	33,874	-
Consultation fee	216,000	330,000
COVID-19 related rent concession	236,094	112,718
Gain on lease modification	6,518	-
Smart Automation Grant 2021	1,378	-
Sundry income	1,200	-
Training fee	158,400	584,500
Wage subsidy	114,000	140,400
	<u>839,464</u>	<u>1,474,118</u>
<b>LESS: OPERATING EXPENSES</b>	<u>(1,693,085)</u>	<u>(1,445,242)</u>
<b>PROFIT BEFORE TAX</b>	<u><u>463,086</u></u>	<u><u>519,872</u></u>

*This statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.*

**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**COST OF SALES**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Amortisation of intangible asset	133,333	-
Commission	219,897	201,140
Depreciation of property, plant and equipment	1,178,391	1,035,882
Depreciation of right-of-use assets	831,546	669,666
EPF contributions	81,898	89,830
EIS	1,311	1,460
Electricity and water	161,169	114,246
Incentive	900	23,538
Insurance	10,910	-
Lactation consultation fee	13,466	-
License fee	9,690	4,161
Marketing and promotion expenses	-	6,088
Purchases	890,743	212,776
Purchases - facial masks and wellness supplements	1,735,734	-
Rental of equipment	156,000	159,701
Rental of hostel	26,500	24,600
Rental of premises	23,326	246,796
Rental of water filter	360	-
Salaries and allowances	521,221	759,754
Sales commission	498,351	-
SOCISO contributions	12,073	13,941
Staff recruitment cost	2,382	1,000
Staff training course	4,198	2,349
Staff uniform and accessories	366	-
Staff welfare	931	4,337
Tele marketing	249,176	-
Upkeep of healthcare wellness equipment	2,880	-
Upkeep of premises	30,837	58,308
Wages	187,289	155,728
	<u>6,984,878</u>	<u>3,785,301</u>

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**CRIGEN RESOURCES BERHAD**

(Incorporated in Malaysia)

**OPERATING EXPENSES**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Accessories and decorative expenses	-	1,891
Angpow	1,180	1,875
Audit fee		
- Current year	36,056	54,500
- Over provision in prior year	-	(1,480)
Bank charges	6,635	11,377
Bookkeeping	14,640	25,600
Cleaning services	7,783	-
Commission	1,692	18,791
Depreciation of property, plant and equipment	16,111	17,946
Depreciation of right-of-use assets	8,200	-
Directors' fees	99,000	65,000
Directors' remuneration	30,000	-
Directors' EPF	3,690	-
Directors' EIS	41	-
Directors' SOCSO	362	-
Digital media spending	8,546	-
Donation and subscription	-	20
EPF contribution	35,857	29,363
EIS	564	428
General expenses	155	1,041
Greeting and condolences	150	-
Internet	-	4,831
Incentive	7,313	150
Medical fees	5,820	6,538
Penalty	20,672	5,776
Postage and courier	398	484
Printing and stationery	8,215	8,127
Professional fees	739,400	93,713
Property, plant and equipment written off	7,736	70,151
Refreshment	5,798	1,329
Renewal fees (foreign workers)	5,405	-
Research and development fee	-	600,000
Retainer fees	86,565	-
Salaries and allowances	275,850	189,186
Secretarial fee	2,746	2,050
Small value assets	10,192	1,088
SOCSO contributions	4,932	3,741
Sponsorship	1,000	10,750
Telephone charges	12,463	13,975
Transport charges	15,875	18,598
Travelling expenses	33,210	33,201
Balance carried forward	1,514,252	1,290,040

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**CRIGEN RESOURCES BERHAD**  
(Incorporated in Malaysia)

**OPERATING EXPENSES**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Balance bought forward	1,514,252	1,290,040
Upkeep of garden	18,142	12,953
Upkeep of motor vehicles	38,027	23,282
Upkeep of office equipment	4,600	5,686
Website content management	13,210	1,890
	<u>1,588,231</u>	<u>1,333,851</u>
<b>FINANCE COSTS</b>		
Interest on lease liabilities	88,554	96,727
Interest on term loans	16,300	14,664
	<u>104,854</u>	<u>111,391</u>
	<u>1,693,085</u>	<u>1,445,242</u>