



NIKS PROFESSIONAL LTD.



**Family Practice
Dermatology and
Aesthetic Medical
Services Provider**

Clinics • Shops • Salons
Medical Skincare
Products



Annual Report **2023**

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This annual report has been reviewed by the Company's sponsor ("**Sponsor**"). SAC Capital Private Limited. This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms. Charmian Lim (Tel: +65 6232 3210) at 1 Robinson Road, #21-00, AIA Tower, Singapore 048542

CORPORATE PROFILE

Niks Professional Ltd. (the “Company” and together with its subsidiaries, collectively, the “Group”) is a trusted and established provider of family practice dermatology and aesthetic medical services with an operating history of more than 25 years. The Group also offers a comprehensive range of medical skincare products and salon services to complement medical solutions. It has operations in Singapore and China.

The Group’s business is organised into 3 main segments as follows:

CLINICS



Provision of family practice dermatology services. Skin conditions commonly treated with a combination of medicines, NIKS skincare products and medical procedures, include:

- Acne and acne scar treatment
- Eczema
- Pigmentation

Provision of non-invasive and minimally invasive aesthetic medical services, including:

- Intense pulsed light treatment
- Lasers for various treatments
- Injectables

RETAIL



Sale of NIKS skincare products and provision of services, including:

- Therapeutic facial
- Eye treatment
- Acne and comedone treatment
- Microdermabrasion

Provision of paramedical camouflage products and services to cover difficult-to-conceal skin conditions and minimise the attention drawn to the imperfections

HEADQUARTERS



Online sale and distribution of NIKS skincare products to medical clinics and beauty salons in Singapore and China

The Group’s top selling products are:

- Intensive Barrier Repair Cream
- Golden Lipid Complex
- Moisturizing and Repair Cream

All NIKS skincare products satisfy stringent regulatory requirements in the United States and Europe and are regularly updated to reflect advances in skincare technology.



All subsidiaries of the Company, except Niks Professional (Shanghai) Co., Limited, were incorporated for past business expansion and/or to explore business expansion opportunities and were inactive as at 31 December 2023 and date of this annual report. As the cost of maintaining these subsidiaries is insignificant, the Company has decided for flexibility to retain them for future business expansion opportunities.

Niks Maple West Pte. Ltd. became an inactive company with effect from 1 December 2023 and after its business and operations were transferred to the Company.

CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS

On behalf of the Board of Directors, it is my pleasure to present to you our inaugural annual report for the financial year ended 31 December 2023 (“**FY2023**”). As we embark on this journey of transparency and accountability, we are excited to share with you our achievements, challenges and future outlook.

OUR BEGINNING

Our roots can be traced to the 1990s with the setting up of our first Maple Clinic. We followed the then emerging trend among dermatologists in the United States to complement prescription medicines and medical procedures with medical skincare products to treat skin conditions. As choices were limited then, we worked with overseas laboratories and manufacturers to develop our own medical skincare products. Soon the products under the ‘NIKS’ brand grew and achieved widespread recognition for efficacy.

Today, the suite of NIKS medical skincare products has grown to more than 100 items and nearly half of them are marketed to hospitals, clinics and consumers in China. In addition to family practice dermatology, our three clinics and six doctors also practise aesthetic medicine, providing injectables and laser treatments. We also have three retail outlets that also offer facial and paramedical camouflage services.

NEW PHASE OF GROWTH

2023 was a pivotal year for us. In September 2023, we celebrated our 25th anniversary in the medical skincare industry. Shortly after, we marked another milestone: Listing on Catalist of the Singapore Exchange in October 2023.

Our listing has not only opened up access to capital but also enhanced our visibility as a trusted and established provider of family practice dermatology, aesthetic medical services and medical skincare products. This has allowed us to pursue new opportunities and bolster our market position.

DIVIDEND RECOMMENDATION

As a token of appreciation for your support during this transformative phase, the Board has proposed a final dividend of S\$1.3 million (or 1.0 Singapore cent per share), constituting 77% of net profit attributable to owners (“**NPAT**”) for FY2023. This is in line with our commitment to distribute not less than 50% of NPAT for FY2023 as outlined in our listing offer document.

YEAR IN REVIEW

Revenue in FY2023 was S\$10.9 million, a decline of S\$0.2 million or 2.2% from S\$11.1 million in FY2022. This is attributable to a decrease in revenue from the Headquarters segment (which mainly comprised our China operations) by S\$0.5 million or 21.4%. The economic climate in China did not improve significantly in FY2023 following the dismantling of Covid-19 controls. Instead, consumer spending was unexpectedly cautious. Despite lingering economic uncertainties, we are positive about longer-term prospects in China and are intensifying our efforts there, particularly in the e-commerce space.

Excluding non-recurring IPO-related income and expenses, profit attributable to owners of the Company amounted to S\$2.5 million for FY2023 compared to S\$3.1 million for

CHAIRMAN'S STATEMENT

FY2022, reflecting investment in human capital and brand awareness initiatives. There were increases in payroll as additional medical and management staff were hired to support the Group's expansion plans. Other increases included higher spending for participation in trade fairs and exhibitions to raise brand and product awareness.

GROWTH STRATEGIES

With the enhanced corporate profile and net proceeds from our initial public offering and the Group continuing to generate positive cash flows from operating activities in FY2023, the Group is well-positioned to execute the business strategies and future plans disclosed in the Company's listing offer document. The following progress has been made:

- a) Organic expansion through opening of new clinics and outlets, recruitment of healthcare and management professional and purchase of new equipment

Dr Dennis Teng Shi Chong joined the Group in March 2024. He has been the anchor doctor of a popular heartland clinic with a long history in treating acne patients and has vast clinical experience in injectables of various brands and applications. With this addition to our medical team, the Group is actively in search of a suitable location in the northern region of Singapore for a fourth clinic.

To enhance capabilities and generate incremental revenue, the Group is also adding imaging, hair treatment and body contouring machines to its clinics and shop salons in 2024.

- b) Organic expansion of medical skincare products distribution business in China

The Group has appointed an agent for the Hunan Province, bringing the total number of agents to 12, covering a total of 14 provinces and one city. The Group has also appointed a veteran in the medical skincare market of China to the newly created position of Deputy General Manager (Sales and Marketing) in its China subsidiary. He will be recruiting agents for provinces where the Group is not currently represented, as well as actively hand-holding and monitoring existing agents to boost sales. The Group is also investing to build up its presence in China's e-commerce marketplaces with a view to driving higher sales and generating better margins.

- c) Expansion of business through acquisitions, joint ventures and/or strategic alliances

The Group continues to be on the lookout for potential acquisitions, joint ventures or strategic alliances to augment its business. We shall update shareholders as and when there is significant development in this aspect.

SUSTAINABILITY

Sustainability creates business value and contributes positively to society. The Board and management consider sustainability issues when formulating strategies and policies. We are delighted to have incorporated into this annual report our first sustainability report, which sets out how we have identified and responded to material sustainability and climate-related risks and opportunities and articulates our commitment to building long-term and mutually beneficial relationships with stakeholders.

We are mindful of a key sustainability challenge to the beauty and personal care industry: packaging waste generated from used skincare products. We take this challenge into consideration when designing our products and packaging. Since our early years of operation, we have eschewed excessive packaging by, for example, doing away with boxes wherever possible. This has reduced packaging's impact on the environment as well as our overheads. Our inaugural Sustainability Report FY2023 provides further insights into our sustainable practices.

APPRECIATION

Our success is a reflection of the commitment and passion of management, doctors and staff. I take this opportunity to extend my heartfelt gratitude to them for their hard work, dedication and loyalty.

I would also like to express my appreciation to my fellow executive director as well as independent directors who came onboard in September 2023. They bring with them a wealth of experience and provide counsel and guidance for the successful listing of the Company and its operations and growth.

Appreciation is also due to our shareholders for joining us in our new corporate journey, as well as our customers, suppliers and business associates for the unwavering support and faith in us.

Looking ahead, we remain steadfast in our pursuit of growth and value creation for our shareholders and stakeholders and look forward to updating you on our progress in the coming year.

CHENG SHOONG TAT
Chairman and Chief Executive Officer

BOARD OF DIRECTORS

MR CHENG SHOONG TAT* Age 63 | Chairman and Chief Executive Officer

Date of first appointment: 22 September 1998

Mr Cheng is responsible for the overall management, strategic planning and business development of the Group.

Prior to his appointment with the Group, he was, among others, Chief Financial Officer of SPH Mediaworks Ltd from 2000 to 2003, Senior Vice President of Pontiac Land Private Limited from 1997 to 2000 and General Manager (Planning and Finance) at China-Singapore Suzhou Industrial Park Development Group Co., Ltd (the developer of the Suzhou Industrial Park in Suzhou, China) from 1994 to 1996.

Mr Cheng holds a Bachelor of Arts (Mathematics) from Trinity College, University of Cambridge, a Master of Business Administration from the London Business School, University of London, and a Bachelor of Laws (Honours) from the University of London. He was awarded the President's Scholarship by the Singapore government in 1979.



Directorship in other listed companies and other principal commitments	
Present	Nil
Past (Preceding 5 years)	Nil

Present	Nil
Past (Preceding 5 years)	Nil

MR MARK ANDREW YEO KAH CHONG* Age 61 | Deputy Chairman and Lead Independent Director

Date of first appointment: 27 September 2023

Mr Yeo started his career in the Singapore Civil Service and subsequently worked in various banks advising on project finance in the infrastructure sector in Asia, Europe and Latin America. He also held several senior executive appointments in Hong Kong and Dubai.

Mr Yeo graduated from the University of Oxford with a Bachelor of Arts (Honours) in 1982 and subsequently obtained his Masters of Arts (Honorary Degree) and Master of Laws from the University of Oxford and the National University of Singapore respectively in 1989. He has also completed INSEAD's Advanced Management Programme and obtained an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors. Mr Yeo is a member of the Singapore Institute of Directors.



Directorship in other listed companies and other principal commitments	
Present	Non-executive chairman, IREIT Global Group Pte. Ltd. (Trustee-manager of IREIT Global) Non-executive director, Keppel Infrastructure Fund Management Pte Ltd (Trustee-manager of Keppel Infrastructure Trust) Independent director, Vicplas International Ltd Non-executive director, Changi Airport Group (Singapore) Pte Ltd
Past (Preceding 5 years)	Nil

Present	Non-executive chairman, IREIT Global Group Pte. Ltd. (Trustee-manager of IREIT Global) Non-executive director, Keppel Infrastructure Fund Management Pte Ltd (Trustee-manager of Keppel Infrastructure Trust) Independent director, Vicplas International Ltd Non-executive director, Changi Airport Group (Singapore) Pte Ltd
Past (Preceding 5 years)	Nil

* Director seeking re-election at the forthcoming annual general meeting of the Company. Please refer to the section titled 'Disclosure of Information on Directors Seeking Re-Election'.

DR ONG FUNG CHIN Age 62 | President and Chief Medical Officer

Date of first appointment: 26 April 2003

Dr Ong is responsible for the overall strategic direction, management and operation of the Group's clinics and retail outlets, including overseeing the Group's overall medical practices, standards and governance. She is also responsible for the Group's product formulation and testing, and product training.

Dr Ong has been practising medicine since 1985, starting with public hospitals and private medical groups and eventually setting up Maple Clinic in 1994 and laying the foundation of our Group.

Dr Ong graduated from the National University of Singapore ("**NUS**") with Bachelor of Medicine and Bachelor of Surgery degrees in 1985. She obtained a postgraduate Diploma in Dermatology in 1992 from the St John's Institute of Dermatology in the United Medical and Dental Schools of Guy's and St Thomas' Hospitals (now part of King's College, London). She also obtained a Graduate Diploma in Mental Health from NUS in 2021.

**Directorship in other listed companies and other principal commitments**

Present	Nil
Past (Preceding 5 years)	Nil

MR MANU BHASKARAN* Age 65 | Independent Director

Date of first appointment: 27 September 2023

Mr Bhaskaran is a Director of Centennial Group Holdings LLC, as well as the founding CEO of its subsidiary, Centennial Asia Advisors Pte Ltd. He was Managing Director/Chief Economist of Société Générale Securities from 1989 to 2001, where he supervised Asian economic and investment strategy. From 1982 to 1989, he worked in the Singapore Civil Service, supervising a team that prepared strategic political and economic assessments of Asia for senior Singapore government officials.

Mr Bhaskaran graduated with an honours degree in Economics from the University of Cambridge in 1980 and was conferred with a Master of Arts (also known as MA (Cantab)) from the University of Cambridge in 1984. He obtained a Master in Public Administration from Harvard University in 1987. He is also a Chartered Financial Analyst.

**Directorship in other listed companies and other principal commitments**

Present	Independent director, Japfa Ltd. Non-executive director, CIMB Investment Bank Berhad Director, Centennial Group Holdings LLC CEO, Centennial Asia Advisors Pte Ltd Adjunct Senior Research Fellow, Institute of Policy Studies
Past (Preceding 5 years)	Independent director, IFS Capital Limited

MR TAN TECK HUAT* Age 62 | Independent Director

Date of first appointment: 27 September 2023

Mr Tan has over 30 years of working experience in major listed companies and held various positions in corporate development and communications, corporate finance, corporate treasury and accounting. He was Chief Financial Officer of GuocoLand Limited from 2008 to 2015 and Director of Finance of QAF Limited from 2017 to 2021. He was a board member of the Central Provident Fund Board from 2014 to 2020, and held appointments in private companies in Malaysia, Australia, China, Hong Kong and the Philippines.

Mr Tan graduated with a Bachelor of Arts (Economics) from the University of Cambridge in 1983. He was conferred the Pingat Bakti Masyarakat (The Public Service Medal) in 2019 for work done with the Home Affairs Uniformed Services INVEST Board of Trustees.

**Directorship in other listed companies and other principal commitments**

Present	Non-executive director (" NED "), Cambridge Colleges Scholarships (Singapore) Ltd. NED and chairman of Risk and Audit Committee, Home Affairs Uniformed Services INVEST Fund
Past (Preceding 5 years)	Executive director, QAF Limited NED and chairman of Audit Committee, Central Provident Fund Board

EXECUTIVE OFFICERS

WU PEICONG

Chief Financial Officer

Mr Wu joined the Company in May 2023 and is in charge of the financial and corporate affairs of the Group, including financial reporting, tax, internal controls and corporate governance.

He started his career at RSM SG Assurance LLP (formerly known as RSM Chio Lim LLP) as an auditor in 2005 and has been the finance manager/financial controller of 3 Singapore listed companies, Hafary Holdings Limited, Reclaims Global Limited and Hoe Leong Corporation Ltd. between 2011 and 2023.

Mr Wu is a Fellow of the Association of Chartered Certified Accountants and a non-practising Chartered Accountant of Singapore. He obtained his Master of Science in Professional Accountancy Degree from the University of London in 2017.

ONG HUEY JWU

General Manager (Singapore)

Ms Ong has been the General Manager (Singapore) of the Company since January 2020 and is in charge of the overall operations in the Singapore office.

She started her career as a tax officer with the Inland Revenue Authority of Singapore in 1993. She moved to the banking industry in 1994 and has worked in Sanwa Bank Limited (now known as MUFG Bank Limited) and Lloyds TSB Bank. From 2001 to 2019, Ms Ong worked at MUFG Bank Limited and her last appointment was Director and Head of Transaction Control, Export Credit Agency, Commodities and Trade Finance Department (Asian Investment Banking Division). She was formerly employed by the Company as a manager between 1999 and 2001 to set up the Group's retail-related business.

Ms Ong graduated from Georgia State University with a Bachelor of Business Administration in 1990 and a Master of Business Administration in 1992.

ANBHU SELVEM

Senior Accounting Manager

Mr Selvem joined the Company as an Accountant in February 2014 and was promoted to Senior Accounting Manager in February 2023.

He started his career at Richard Tan & Co as Audit Associate from June 1996 to January 2000. He was subsequently Accountant of G3 Technologies Pte Ltd and Finance Manager of Stamford Raffles College Pte Ltd before joining the Company.

Mr Selvem graduated from Universiti Utara Malaysia with a Bachelor of Accountancy (Hons) in 1996 and earned a Masters of Arts in Total Quality Management from the Nottingham Trent University in 2011. He is a Chartered Accountant with the Malaysian Institute of Accountants.



CORPORATE MILESTONES

Maple Clinic started by Dr Ong Fung Chin at **825 Tampines Street 81** as a general practice clinic.

Dr Ong, with a post-graduate Diploma in Dermatology, soon began to treat more patients with skin issues. In line with mainstream practice in the United States, Maple Clinic sought to enhance treatment outcomes by complementing prescription medicines and medical procedures with medical skincare products. Dr Ong started to jointly develop with overseas laboratories and manufacturers medical skincare products under the 'NIKS' brand.



Niks Professional Ltd was incorporated to further develop and market NIKS medical skincare products.

Opening of the first 'The NIKS Shop' (Retail outlet) at Great World City.



Facial services added and 'The NIKS Shop' renamed to 'NIKS Shop Salon'.

1994

1998

1999

2004

Maple Clinic was folded into Niks Professional Ltd and renamed 'NIKS Maple Clinic'.

Opening of NIKS Maple Central Clinic (Flagship clinic) in Orchard Road.

Niks Professional (Shanghai) Co., Limited was incorporated to supply NIKS medical skincare products in China to hospital and clinics via regional agents and also to end-users.

NIKS Maple West clinic opened in Jurong East Central.

2005

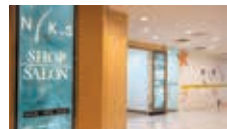
2007

2008

2009

NIKS Maple West clinic shifted to current premises at **Vision Exchange**.

NIKS Shop Salon opened in current premises at **214 Bedok North Street 1** and **728 Ang Mo Kio Avenue 6**.



NIKS Maple Central Clinic and NIKS Shop Salon (Orchard) shifted to **The CentrePoint**.

Niks Professional Ltd celebrated 25th year in the medical skincare business.

Niks Professional Ltd listed on Catalyst of the Singapore Exchange.

Target to open new clinic in the northern region of Singapore and build up stronger presence in China's e-commerce marketplaces.

2017- 2019

2021

2023

2024

OUR DOCTORS

Our Group's market presence and reputation are built upon the experience and reputation of our doctors. All of them are general practitioners with post-graduate qualifications in dermatology or who have cumulative experience in treating skin issues.



Dr Ong Fung Chin
President and CMO

MBBS (NUS, Singapore)
Dip Derm (King's College, London),
GDMH (NUS, Singapore)



Dr Ang Hwa Cheng Serene

MBBS (NUS, Singapore),
M Med (Family Med)
(NUS, Singapore)



Dr Handry Gumanti

MB ChB (University of
Dundee, UK)
Dip Prac Derm (Cardiff)



Dr Lau Chin Hoh

MBBS (NUS, Singapore),
M Med (Family Med)
(NUS, Singapore), MCFP(S),
FRACGP (Australia),
GDFPDerm (NUS, Singapore)



Dr Yap Chien Yu Lynette

MBBS (St. George's University
of London, UK)
Dip Clinical Derm (Queen Mary
University of London)



Dr Teng Shi Chong Dennis

MBBS (NUS, Singapore)
MBA (London Business School)

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY2023 S\$'000	FY2022 S\$'000	Increase/(Decrease)	
			S\$'000	%
Revenue	10,854	11,095	(241)	(2.2)
Interest income	210	75	135	180.0
Other income and gains	577	252	325	NM
Changes in inventories	(25)	8	(33)	NM
Purchases and related costs	(1,593)	(1,681)	(88)	(5.2)
Employee benefits expense	(4,768)	(4,429)	339	7.7
Depreciation	(740)	(791)	(51)	(6.4)
Other losses	(111)	(75)	36	NM
Finance costs	(76)	(77)	(1)	(1.3)
Other expenses	(2,099)	(1,095)	1,004	91.7
Profit before income tax	2,229	3,282	(1,053)	(32.1)
Income tax expense	(488)	(406)	82	20.2
Profit for the year	1,741	2,876	(1,135)	(39.5)
Profit attributable to:				
Owners of the Company	1,686	2,763	(1,077)	(39.0)
Non-controlling interest	55	113	(58)	(51.3)
Profit for the year	1,741	2,876	(1,135)	(39.5)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(40)	(170)	(130)	NM
Other comprehensive income	(40)	(170)	(130)	NM
Total comprehensive income for the year	1,701	2,706	(1,005)	(37.1)
Total comprehensive income attributable to:				
Owners of the Company	1,646	2,593	(947)	(36.5)
Non-controlling interest	55	113	(58)	(51.3)
	1,701	2,706	(1,005)	(37.1)
Earnings per share (cents) – Basic and diluted				
Based on 130,000,000 ordinary shares (Post-invitation)	1.3	2.1		

NM – Not meaningful

For illustrative purpose only, the follow adjustments show what the profit attributable to owners of the Company would have been in the absence of non-recurring IPO-related income and expenses.

	FY2023 S\$'000	FY2022 S\$'000	Increase/(Decrease)	
			S\$'000	%
Profit attributable to owners of the Company (“NPAT”)	1,686	2,763	(1,077)	(39.0)
Adjustments:				
Non-recurring IPO expenses	931	386	545	NM
IPO-related government grant income	(300)	–	NM	NM
IPO-related share-based payment expenses	157	–	NM	NM
Adjusted NPAT	2,474	3,149	(675)	(21.4)

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2023 S\$'000	31 December 2022 S\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	10,970	10,904
Deferred tax assets	44	44
Other assets	102	100
	11,116	11,048
Current assets		
Inventories	1,842	1,952
Trade and other receivables	586	410
Cash and cash equivalents	9,086	12,371
	11,514	14,733
Total assets	22,630	25,781
EQUITY AND LIABILITIES		
Equity		
Share capital	6,475	1,220
Retained earnings	13,066	20,880
Foreign currency translation reserve	(19)	21
Share-based payment reserve	157	–
Other reserves	(297)	–
Equity, attributable to owners of the Company	19,382	22,121
Non-controlling interest	–	205
Total equity	19,382	22,326
Non-current liabilities		
Lease liabilities	912	1,019
	912	1,019
Current liabilities		
Income tax payable	445	512
Trade and other payables	1,070	1,286
Lease liabilities	522	338
Other liabilities	299	300
	2,336	2,436
Total liabilities	3,248	3,455
Total equity and liabilities	22,630	25,781
Net asset value per share (cents)		
Based on 130,000,000 ordinary shares (Post-invitation)	14.9	17.0
Turnover (Number of days):		
Trade receivables ¹	3	1
Trade payables	36	30
Inventories ²	428	425

Notes:

- Majority of the Group's patients and customers make immediate payment upon the receiving of the Group's products and/or services. As such, trade receivables turnover days were negligible.
- The Group maintains adequate inventories to avoid risk of stockouts arising from supply chain disruptions. As such, it is usual for inventory turnover period to hover around 365 days.

FINANCIAL REVIEW

REVENUE

Revenue by segment	FY2023 S\$'000	FY2022 S\$'000
Clinics	6,808	6,684
Retail	2,216	2,082
Headquarters	1,830	2,329
Total	10,854	11,095

Revenue decreased marginally by S\$0.2 million or 2.2% from S\$11.1 million in FY2022 to S\$10.9 million in FY2023. Revenue from the Headquarters segment decreased mainly due to lower demand in China as a result of economic uncertainty following prolonged and intensified COVID-19 lockdowns towards the end of FY2022. The above decrease was partially offset by increase in revenue from the Clinics and Retail segments by S\$0.2 million due to additional revenue generated by a doctor who joined in July 2022 and increased patronage from our patients and customers during FY2023.

INTEREST INCOME

The higher interest income for FY2023 compared to FY2022 was due to higher amount of cash maintained in interest-bearing fixed deposit accounts over longer periods.

OTHER INCOME AND GAINS

The increase in other income and gains for FY2023 compared to FY2022 was mainly due to the recognition of government grant income (Grant for Equity Market Singapore in relation to the Company's IPO) during FY2023 amounting to S\$0.3 million. Other government grant income received/receivable during FY2023 and FY2022 includes subsidies and rebates under the Wage Credit Scheme, Senior Worker Early Adopter Grant and Productivity Solutions Grant. Please refer to note 7 of the Company's financial statements.

OTHER LOSSES

The increase in other losses for FY2023 compared to FY2022 was mainly due to the recognition of allowance for impairment of slow-moving inventories amounting to S\$0.1 million during FY2023 (FY2022: NIL). Please refer to note 9 of the Company's financial statements.

COST OF GOODS SOLD AND GROSS MARGIN

	FY2023 S\$'000	FY2022 S\$'000
Sale of goods	8,722	9,129
Cost of goods sold	(1,618)	(1,673)
Gross profit	7,104	7,456
Gross profit margin	81.4%	81.7%

The slight decrease in cost of goods sold was in tandem with the slight decrease in sale of goods.

EMPLOYEE BENEFITS EXPENSE

The increase in employee benefits expense for FY2023 compared to FY2022 was mainly due to increase in headcount and salary increment.

DEPRECIATION

Depreciation decreased by S\$0.1 million or 6.4% in FY2023 compared to FY2022. This was mainly due to lower depreciation of medical equipment, renovation and other plant and equipment as more of these assets were fully depreciated during FY2023. This decrease was partially offset by an increase in depreciation of right-of-use asset (mainly attributable to rental of premises from a director for a rental term of 3 years from 1 July 2023).

OTHER EXPENSES

The increase in other expenses for FY2023 compared to FY2022 was mainly due to higher non-recurring IPO-related expenses, listing expenses and exhibition expenses incurred.

PROFIT BEFORE TAX

Profit before income tax for FY2023 and FY2022 was S\$2.2 million and S\$3.3 million respectively. The lower profits for FY2023 was mainly due to higher employee benefits expense and non-recurring IPO expenses.

INCOME TAX EXPENSE

Income tax expense is computed based on statutory tax rates and takes into account of non-deductible items such as IPO expenses. The higher income tax expense for FY2023 was mainly due to under provision of income tax amounting to S\$0.1 million in prior years.

FINANCIAL REVIEW

NON-CURRENT ASSETS

Non-current assets increased by S\$0.1 million from S\$11.0 million as at 31 December 2022 to S\$11.1 million as at 31 December 2023. The increase was mainly due to additions of plant and equipment amounting to S\$0.3 million and recognition of rights-of-use assets (relating to leases of premises) amounting to S\$0.5 million. The above increases were partially offset by depreciation amounting to S\$0.7 million.

CURRENT ASSETS

Current assets decreased by S\$3.2 million from S\$14.7 million as at 31 December 2022 to S\$11.5 million as at 31 December 2023. The decrease was mainly due to decrease in inventories by S\$0.1 million and cash and cash equivalents by S\$3.3 million. The above decreases were partial offset by increase in trade and other receivables by S\$0.2 million.

The slight decrease in inventories was in tandem with the slight decrease in sales. The increase in trade and other receivables was mainly due to the recognition of government grant income receivable (in relation to the Company's IPO) amounting to S\$0.3 million (31 December 2022: NIL). Excluding this grant receivables, trade and other receivables would have decreased by S\$0.1 million mainly due to a decrease in advance payment to suppliers by S\$0.1 million.

NON-CURRENT LIABILITIES

Non-current liabilities comprised non-current portion of lease liabilities in relation to leases of premises. The lower lease liabilities as at 31 December 2023 compared to 31 December 2022 was mainly due to repayments during FY2023.

CURRENT LIABILITIES

Current liabilities were S\$2.3 million and S\$2.4 million as at 31 December 2023 and 31 December 2022 respectively. The decrease was mainly attributable to decrease in trade and other payables by S\$0.2 million and income tax payable by S\$0.1 million. The above decreases were partially offset by an increase in lease liabilities by S\$0.2 million.

The decrease in trade and other payables is mainly due to decrease in GST payable and deferred grant income by S\$0.1 million and decrease in other payables by S\$0.2 million. The above decreases were partially offset by increase in accrued liabilities by S\$0.1 million.

The increase in lease liabilities was mainly due to the recognition of rights-of-use asset in relation to renewal of leases of premises during FY2023 and the corresponding lease liabilities (current portion) amounting to S\$0.2 million as at 31 December 2023.

LEASEHOLD PROPERTIES HELD BY THE GROUP AND COMPANY

Address	728 Ang Mo Kio Ave 6 #01-4224 Singapore 560728	214 Bedok North St 1 #01-169 Singapore 460214	2 Venture Drive #01-27 Vision Exchange Singapore 608526
Description	HDB shophouse	HDB shophouse	Commercial shop unit
Usage	Retail shop and salon; and partially leased out for rental income	Retail shop and salon; and partially leased out for rental income	Medical clinic
Tenure	86 years from 1 October 1993	86 years from 1 October 1992	99 years from 10 June 2013
Gross floor area (Square feet)	1,625	1,593	861
Purchase price (S\$'000)	2,945	3,346	3,875
Net book value as at 31 December 2023 (S\$'000)	2,740	2,984	3,603
Open market valuation (S\$'000) Valuation date: 31 December 2022	3,000	3,050	3,700

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Cheng Shoong Tat
Chairman and Chief Executive Officer

Mr Mark Andrew Yeo Kah Chong
Deputy Chairman and Lead Independent Director

Dr Ong Fung Chin
President and Chief Medical Officer

Mr Manu Bhaskaran
Independent Director

Mr Tan Teck Huat
Independent Director

AUDIT AND RISK COMMITTEE

Mark Andrew Yeo Kah Chong (*Chairman*)
Manu Bhaskaran
Tan Teck Huat

NOMINATING AND REMUNERATION COMMITTEE

Manu Bhaskaran (*Chairman*)
Mark Andrew Yeo Kah Chong
Tan Teck Huat

COMPANY SECRETARY

Cho Form Po, ACIS

SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD
1 Harbourfront Avenue
#14-07, Keppel Bay Tower
Singapore 098632

REGISTERED OFFICE

825 Tampines Street 81
#01-64, Tampines Grove
Singapore 520825

PRINCIPAL PLACE OF BUSINESS/HEAD OFFICE

16 Kallang Place
#03-27
Singapore 339156
Telephone: +65 6294 1802
Email: ir@nikspro.com
Website: www.nikspro.com

DATE OF INCORPORATION

22 September 1998

DATE OF LISTING ON CATALIST OF THE SINGAPORE EXCHANGE

27 October 2023

SPONSOR

SAC CAPITAL PRIVATE LIMITED
1 Robinson Road
#21-00, AIA Tower
Singapore 048542

INDEPENDENT AUDITOR

GRANT THORNTON AUDIT LLP
8 Marina View
#40-04/05, Asia Square Tower 1
Singapore 018960

Partner-in-charge: G Arull
(Effective from financial year ended 31 December 2022)

INTERNAL AUDITOR

MAZARS LLP
135 Cecil Street
#10-01
Singapore 069536



■ SUSTAINABILITY REPORT FY 2023

BOARD STATEMENT

The Board of Directors (the “**Board**”) of Niks Professional Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to present the Company’s first annual sustainability report for the financial year ended 31 December 2023 (“**FY2023**”).

This report covers the Company and subsidiaries of the Group which are active during the respective financial periods, namely Niks Maple West Pte. Ltd. and Niks Professional (Shanghai) Co., Limited (Refer to group structure at the ‘Corporate Profile’ section of Annual Report 2023). This report includes the primary components stipulated in:

- Rule 711B of the Listing Manual Section B: Rules of the Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and
- Final report of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) setting out the recommendations for helping businesses disclose climate-related financial information.

This report also provides insights into the way we conduct our business while highlighting our:

- Material economic, environmental, social and governance (“**EESG**”) topics/factors;
- Climate-related risks and opportunities; and
- Commitment to work along with our stakeholders to build a sustainable business.

Sustainability Governance

The Board has ultimate responsibility for the Company’s sustainability reporting, oversees the management and monitoring of the material EESG topics and considers sustainability issues in the Group’s business and strategy.

The Sustainability Committee (comprising the executive directors and executive officers of the Company) identifies and updates the Board of the material EESG topics and climate-related risks and opportunities concerning our business annually and as and as when required, taking into account of internal and external developments and feedback from our stakeholders. The committee is also responsible for planning and implementing sustainability initiatives.

The Company’s Sustainability Committee and Enterprise Risk Management Committee comprise the following members:

Cheng Shoong Tat (Chairman and Chief Executive Officer)
Ong Fung Chin (President and Chief Medical Officer)
Wu Peicong (Chief Financial Officer)
Ong Huey Jwu (General Manager (Singapore))
Anbhu Selvem (Senior Accounting Manager)

To ensure that our sustainability effort is conducted and reported to an acceptable industry standard, the Board of Directors have enrolled and completed the mandatory sustainability training as prescribed by the SGX-ST. The directors have confirmed that they do not hold any share in the Group’s customers, suppliers and vendors.

■ SUSTAINABILITY REPORT FY 2023

Reporting Methodology

When preparing this report, the Company took into consideration:

- Practice Note 7F Sustainability Reporting Guide issued by the SGX-ST; and
- Implementation guidance on recommendations of TCFD (2021 Annex).

The Group relied on internal data monitoring and verification to ensure the accuracy of data and information.

The Group has chosen to report on sustainability using the Global Reporting Initiative (“**GRI**”) framework for its comprehensive guidance on sustainability issues and disclosures. GRI is also a globally recognised sustainability reporting framework that would enable the Group to be more easily understood and compared with other listed groups in Singapore and in other jurisdictions. This report has been prepared with reference to the GRI Standards (GRI 1: Foundation 2021) and covered the sustainability values and performance of our Group for FY2023.

The information presented in this report has not undergone independent external assurance. The Group may consider undertaking independent external assurance in our future reports as our reporting processes mature.

An internal review of the sustainability reporting process would provide assurance that both management and the Board have oversight over the controls with regards to sustainability reporting. The internal review of the Group’s sustainability reporting process would be performed by the Company’s internal audit function and has been incorporated into the internal audit plan for FY2024 and FY2025, which was approved by the Board.

Accessibility

This sustainability report forms part of the Company’s Annual Report for FY2023 (“**Annual Report 2023**”) and should be read in conjunction with Annual Report 2023.

We listen to our stakeholders and welcome feedback on this report and with regards to our sustainability efforts. Please send us your questions, comments and suggestions via email: ir@nikspro.com; and/or contact us via phone: +65 6294 1802/2136.

Board of Directors,
Niks Professional Ltd.

3 April 2024

■ SUSTAINABILITY REPORT FY 2023

Organisational Profile

Niks Professional is an integrated medical skin care provider, incorporating family practice dermatology and aesthetic medical services, medical skincare products, facial treatment and medical camouflage service under one roof and a single NIKS brand. The Group has 3 main business segments, namely Clinics, Retail and Headquarters (Refer to 'Corporate Profile' section of Annual Report 2023).

Medical skincare treatments provided by the Group are complemented by a portfolio of more than 100 unique proprietary medical skincare products, which are conceptualised by our doctors and manufactured in Good Manufacturing Practice ("GMP") – compliant factories in the United States and Europe.

The Company is a member of Singapore Business Federation.

Vision and Mission

The Company's sustainability values are incorporated in the Company's vision and mission statements.

Vision:

As a trusted destination for skincare excellence, guided by our steadfast commitment to ethical practices, we strive to offer unmatched expertise and solutions, all conveniently available under one roof.

Mission:

At NIKS, our mission is to empower our valued customers through the delivery of highly effective skincare products and services rooted in our unwavering ethical principles. We are dedicated to enhancing and maintaining their skin health, allowing their confidence and overall well-being to naturally shine.

Stakeholder Engagement

Sustainability is part of the Group's strategy to create long-term value for all our stakeholders. The interests and requirements of key stakeholders are taken into account by the Board and management when formulating strategies in order to foster mutually beneficial relationships.

Key stakeholders are identified through an internal stakeholder mapping exercise taking into consideration of the extent stakeholders' interest are affected or could be affected by the Group's activities and the stakeholders' level of influence on the Group's ability to implement strategies and meet business goals.

SUSTAINABILITY REPORT FY 2023

The Group adopts both formal and informal engagement channels to understand the needs of key stakeholders and periodically evaluates the effectiveness of engagement channels and how well we are meeting the needs of the stakeholders. The table below describes the mechanisms of engagement with our key stakeholders and the material topics that are of greatest concern to them.

Key stakeholders	Key concerns	Group's commitment	Engagement channels
Customers	<p>Distributors and other corporate customers of NIKS medical skincare products:</p> <ul style="list-style-type: none"> - Regular and reliable support - Product efficacy <p>End customers of the Group's medical skincare products and services:</p> <ul style="list-style-type: none"> - Sound recommendation/advices by doctors and clinic/retail staff - Product quality and patient safety - Cost-competitiveness - Accurate product labelling (including ingredients and direction for use) 	<p>To implement initiatives to drive sales and foster positive long-term business relationship.</p> <p>To deliver safe and effective skincare products and services through: (a) adherence to ethical guidelines, best practices in administration of medical products/procedures and product labelling requirements; (b) deployment of latest technologies in aesthetic medical procedures; and (c) regular staff training and briefings.</p>	<ul style="list-style-type: none"> - Regular meetings and discussions - Training sessions - Trade fairs and exhibitions - Seminars and workshops - Clinic consultation sessions - Direct contact with clinic/retail staff - Enquiry and feedback channels - Ad-hoc customer survey - Company's social media platforms - 'MyNiks' web application (Launched in November 2023)
Employees	<ul style="list-style-type: none"> - Conducive and safe working environment - Competitive remuneration and benefits - Open communications - Career progression - Training and development 	<p>To provide our employees with safe and conducive working environment, fair remuneration and benefits and opportunities for career progression.</p>	<ul style="list-style-type: none"> - On-boarding and orientation - Get-together sessions (e.g. annual appreciation dinner) - On-the-job training - Staff briefings - Annual performance appraisal - Whistle blowing channels
Regulators	<ul style="list-style-type: none"> - Compliance with Catalist Rules of the SGX-ST. - Adherence to laws and regulations in jurisdictions where the Group operates. 	<p>To observe high standards of corporate governance which encompasses adhering to laws, regulations and standards and reporting/disclosure obligations.</p>	<ul style="list-style-type: none"> - SGXNet announcements - Annual reports and circulars - Corporate governance reports - Sustainability reports - Seminars, trainings and dialogues organised by the relevant authorities

■ SUSTAINABILITY REPORT FY 2023

Key stakeholders	Key concerns	Group's commitment	Engagement channels
Shareholders	<ul style="list-style-type: none"> - Growth strategies and plans - Financial performance and stability - Return on investment - Risk management - Corporate governance - Sustainability 	To maximise shareholders' value through strengthening of the Group's financial fundamentals and adopting sustainable business practices.	<ul style="list-style-type: none"> - SGXNet announcements - Press releases - Company's website - General meetings (at venues accessible to shareholders) - Annual reports and circulars
Suppliers and vendors	<ul style="list-style-type: none"> - Financial stability - Ability to adhere to payment terms - Long-term business relationship 	To foster and maintain cordial relationships with suppliers and vendors by adhering to trading norms.	<ul style="list-style-type: none"> - Regular communications with suppliers and vendors

Enterprise Risk Management ("ERM")

Risk analysis and management is undertaken within the Group as a source of sustainable business benefits and competitive advantage. The Group has in place an ERM framework which includes a set of processes to ensure that the Group is aware of, and attends to, current and emerging risks. The Group's significant risks (including climate-related risks), their mitigating measures, EESG (including human rights) impacts and action plans to further address these risks are documented in a risk register. The risk register of the Group would be submitted for review and approval by the Board annually.

Determination of Material Topics



Step 1: Understand

Understand the Group's context by considering its activities, business relationships, stakeholders and changes and developments in the business environment.

Step 2: Identify

- (a) Identify EESG topics which may be material to the Group based on information and knowledge gathered from step 1 above and from the reading of risk reports from credible sources and sustainability reports issued by listed companies which operate similar businesses as the Group.
- (b) Review risk register under the Company's ERM framework and identify EESG topics which may be material to the Group.
- (c) For the EESG topics identified above, identify actual and potential positive and negative impacts on the economy, environment, people (including human rights).

■ SUSTAINABILITY REPORT FY 2023

Step 3: Assess and Prioritise

Assess and rate significance of impacts – Significance of negative impact is determined by the severity and likelihood of impact and significance of positive impact is determined by the scale and scope and likelihood of impact.

Prioritise the most significance impacts to determine material topics for reporting.

Step 4: Validate

Material topics shall be presented to the Board annually for validation and approval.

Step 5: Review

Material topics for a particular financial year would, by default, be included in the preliminary list of material topics for the following financial year. Material topics would also be reviewed regularly by management in the course of business, taking into consideration of latest information gathered from stakeholders' engagement channels and the Company's grievances mechanism, to ensure that the Group continually identifies and focuses attention on material topics.

Material Topics

S/n	Pillar	Material topics	Reason(s) for its significance
1	Economic	Economic performance	Our financial performance affects our financial stability which in turn, has an impact on our ability to meet our financial obligations to various stakeholders, such as payment of salaries to our employees, payment for purchases from suppliers and payment of taxes to governments.
		Customer satisfaction	Our financial performance is closely linked to how well we serve our patients and customers. We are determined to maintain competitive edge by meeting and exceeding expectations of our patients and customers.
2	Environmental	Packaging management	NIKS medical skincare products (including packaging) are manufactured according to the Company's specifications/requirements. As such, the Company is well-poised to limit its carbon footprints arising from the manufacturing of its products.
3	Social	Consumer health and safety	As a healthcare provider, our patients, customers and the general public expect us to always prioritise consumer health and safety, present truthful and accurate information in our product labels and publicity materials and adhere to the applicable advertising and marketing guidelines.
		Responsible marketing and labelling	
4	Governance	Corporate governance	Our shareholders and other stakeholders (such as the regulators) look to the management to maintain sound system of corporate governance to ensure that their investments and/or interests are safeguarded. Sound system of corporate governance could also lead to more objective and holistic decision-making.
		Business ethics	
		Data privacy	Laws and regulations relating to data privacy have become more stringent in recent years. The general public is also increasingly informed of their rights in this aspect. Any failure to adequately protect our patients' and customers' data could result in severe financial penalties and substantial damage to our reputation.

■ SUSTAINABILITY REPORT FY 2023

ECONOMIC

Economic Performance

All 3 leasehold properties of the Company were fully paid for and the Company has no bank borrowings. Management reviews the Group's financial position regularly and ensures that any business expansion initiatives, acquisition of capital assets and declaration of dividend would not result in cash flow issues that would disrupt the Group's ability to meet financial obligations.

More details of the Group's economic performance can be found in the following sections of Annual Report 2023:

- 'Financial Review'; and
- 'Directors' Statement and Financial Statements'.

Grants and Financial Assistance

Government grants received by group entities are as follow:

Name of country	FY2023	FY2022
	S\$'000	S\$'000
Singapore:		
– Grant for Equity Market Singapore Scheme (in relation to the Company's listing on the SGX-ST in October 2023)	300	–
– Covid-19 related	–	10
– Others	89	88
Sub-total	389	98
China:		
– Others	21	33
Total	410	131

In Budget 2024, the Singapore Government announced the Enterprise Support Package which includes corporate tax rebate of up to S\$40,000 for FY2023 for eligible Singapore-incorporated companies. Corporate tax rebate of S\$48,000 was recognised in the consolidated statement of comprehensive income for FY2023.

Customer Satisfaction

Niks Professional aims to be a trusted destination for skincare excellence and seek to offer highly effective skincare products and services to our patients and customers. Notable initiatives to enhance customer experience and customer outreach are as follow:

■ SUSTAINABILITY REPORT FY 2023

Trainings, Workshops and Exhibitions

The Group organised a workshop 'My Niks Experience' in Shanghai in December 2023 where 4 speakers shared their experiences on how our medical skincare products enhance their medical treatments. Registration for the paid event was full and we received several positive feedbacks from among the 40 dermatologists who attended.

In July 2023, the Group also participated in the 25th World Congress of Dermatology at Suntec Singapore Convention & Exhibition Centre. This event is held once every 4 years exclusively for doctors and is regarded as the most prestigious and influential meeting on all matters of the skin.

In the course of business, product trainings are provided to our retail associates and regional agents by our product trainers in Singapore and China. In Singapore, our product trainer will train our retail associates, with revisions conducted on a periodic basis. Our product trainer in China liaises with our regional agents, who will then coordinate the training sessions with their sales teams.

'MyNiks' Web Application (app.nikspro.com)

In November 2023, the Company launched 'MyNiks' web application which includes the following features for end-consumers:

- Real time access to clinical records (for example medical certificates and skin regimen);
- Replenishment of certain medications and NIKS medical skincare products without the need to visit any of our physical premises;
- Scheduling of appointments with clinics and NIKS shop salons (for facial services);
- In-app remote consultation in accordance with guidelines of the Ministry of Health of Singapore;
- In-app push notifications to remind patients and customers of their upcoming appointments; and
- Earning and redemption of NIK\$ for in-app purchase of NIKS medical skincare products.

Through 'MyNiks', our patients and customers can look forward to more interactive engagements with us at any time of the day.

NIK\$ Scheme

The Company has a customer loyalty programme, NIK\$ scheme, where patients and customers are rewarded with NIK\$ (points) for purchase of any NIKS skincare products in any NIKS Maple Clinic, NIKS Shop Salon or purchase made via NIKS Store at app.nikspro.com/store. 1 NIK\$ is earned for every netts S\$10 of purchase of NIKS skincare products. NIK\$ can be used to pay for purchases of NIKS skincare products and is valid for 1 year from the date of issue.

■ SUSTAINABILITY REPORT FY 2023

Technology-Enabled Services

We pride ourselves in being at the forefront of deploying technologies to deliver family practice dermatology and aesthetic medical services in Singapore. In particular, we believe that our Group was among the first clinics in Singapore to acquire and use the following medical equipment:

- (a) Cutera Xeo multiplatform laser machine which combines intense pulsed light, infrared and laser technology into one machine to treat pigmentation and aging of the skin;
- (b) Isolaz machine which combines vacuum energy and broadband light to provide effective treatment for acne;
- (c) MiraDry machine, which employs novel microwave energy to treat hyperhidrosis (excessive sweating); and
- (d) PicoSure, the world's first picosecond laser machine for dermatological applications that provides a wide range of treatment like scars, brightening, birthmarks and skin rejuvenation with less downtime than traditional lasers.

Our range of medical equipment is updated regularly to enable our doctors to provide quality treatment to our patients. To enhance our business capabilities, the Group is adding imaging, hair treatment and body contouring machines to its clinics and shop salons in 2024.

Social Media and Online Marketplaces

Social media offers businesses the opportunity to create and share content to raise brand awareness and to enhance engagement with customers and other stakeholders. In addition to posting about our products and services on our Facebook and Instagram channels regularly, the Group also make active use of WeChat articles and WeChat moments in China.

The Group operates online stores in our website and on WeChat mini-program and Tmall in China, which enable our customers to purchase NIKS medical skincare products 24-7 at their convenience. The Group is investing to enhance its presence in the China's e-commerce marketplaces in 2024 to reach out to more customers in China.

Accessibility to Consumers

Our 3 clinics and 3 retail outlets are located strategically across Singapore (Refer to 'Our Clinics and Shop Salons' section of Annual Report 2023). With the onboarding of our 6th doctor in March 2024, the Company is actively in search of a suitable location in the northern region of Singapore for a 4th clinic. This would allow for a more complete geographical coverage and also make it easier for our patients from Johor Bahru in Malaysia to visit our clinics.

NIKS medical skincare products are also marketed to hospitals, clinics and consumers in China by 12 regional agents who cover 14 provinces (including Chongqing, Jiangsu and Sichuan) and Shenzhen. In 2024, the Group is looking to recruit regional agents for provinces where the Group is not currently represented, as well as monitoring existing agents' customer outreach programmes.

■ SUSTAINABILITY REPORT FY 2023

Climate Change – Risks, Opportunities and Financial Implications

According to TCFD recommendations, organisations need to consider 2 types of climate-related risks:

- (a) Physical risk – Those related to the physical impacts of climate change, such as extreme weather events, chronic heat waves, sea-level rise, erosion and biodiversity loss.
- (b) Transition risk – Those related to the transition to a lower-carbon economy which could entail policy, legal, technology and market changes.

Climate-Related Risks

Climate-related risks are identified by management as part of the ERM process and included in the risk register. When identifying risks, management consider the Group's internal and external factors and EESG (including human rights) impacts. Risks that are initially classified in other categories, which have material EESG impacts, may be re-designated as climate-related risks.

S/n	Risk category	Description	Potential financial impact
1	Physical – Chronic	Extreme variability in weather patterns might have negative impact on workforce's health and additional headcount may be needed to cope with absenteeism	Increase in payroll costs and/or restriction in sales growth
2	Transition – Policy and legal	Enhanced climate-related reporting obligations, such as the following: Reporting requirements under the Mandatory Plastics Reporting (“MPR”) of National Environment Agency (“NEA”). The Company is expected to submit its first report to NEA in 2025 (in relation to FY2024) Enhanced mandatory climate-related disclosures and conduct of external limited assurance on Scope 1 and 2 greenhouse gas emissions with effect from FY2025 to FY2027 announced by ACRA and SGX RegCo on 28 February 2024	Increase in compliance costs and/or payroll costs
3	Transition – Policy and legal	Greater push by the relevant authorities for beauty and personal care industry to use packaging materials which are or are perceived to be more environmental-friendly	Increase in packaging costs
4	Transition – Market	Increased production cost due to increase in input prices (for example utilities) and output requirements (for example waste treatment)	Increase in purchase costs of trading goods

The Company has begun preparing for MPR and would start preparation for the enhanced mandatory climate-related disclosures in FY2024 and explore ways to incorporate the data compilation work into our existing processes. The Company will continue to embrace minimal packaging in our business to be well-prepared in meeting more stringent requirements from the authorities in relation to packaging and waste management.

SUSTAINABILITY REPORT FY 2023

Climate-Related Opportunities

With extreme weather conditions, there is potential for demand for skincare products to increase as consumers seek to mitigate the ill-effects of sun and UV exposure, photo-damage and aging of skin. Coupled with a greater awareness of dermatological issues by consumers, skin treatments rendered by medical practitioners and medical skincare products may be more sought after.

S/n	Type	Description	Potential financial impact
1	Products and services	Development of new products and treatments for skin issues resulting from ultraviolet exposure and airborne pollutants	Increase in revenue
2	Products and services	Ability to diversify to other complementary business activities	Increase in revenue
3	Markets	Access to new and emerging markets	Increase in revenue

The Group offers a comprehensive suite of skin treatments and medical skincare products, updates its medical equipment regularly and believes that the Group would be able to help our patients and customers cope with skin issues arising from climate change.

ENVIRONMENTAL

Greenhouse Gas (GHG) Emissions

Scope	Activity type	FY2023	FY2022
Carbon emission (tonnes CO₂ equivalent) (Group)			
1	Stationary combustion	–	–
	Mobile combustion	8	8
	Scope 1 – Total	8	8
2	Electricity	48	46
	Scope 2 – Total	48	46
1 and 2	Total	56	54

Emission intensities	Unit of measurement	FY2023	FY2022
Scope 1	Ton/Revenue (S\$'000)	–*	–*
Scope 2		0.01	0.01
Scope 1	Ton/Average number of employees during financial period	0.16	0.16
Scope 2		0.94	0.90

* Negligible as the Group only has 1 light goods vehicle.

GHG emissions are derived in accordance with the requirements of the “GHG Protocol Corporate Accounting and Reporting Standard”. The Global Warming Potential dataset is based on the 2014 IPCC Fifth Assessment Report. The equivalent CO₂ emission for electricity is mainly based on the operating margin factors from the Energy Market Authority of Singapore.

SUSTAINABILITY REPORT FY 2023

Specific metrics (Group)	FY2023	FY2022
Revenue (S\$'000)	10,854	11,095
Average number of employees	51	51

Energy Consumption

Performance indicator (Group)	Unit of measurement	FY2023	FY2022
Electricity consumption	kWh	101,000	95,000
Electricity consumption intensity	kWh/Revenue (S\$'000)	9	8
Electricity consumption intensity	kWh/Average number of employees during financial period	1,980	1,863

Our key electricity conservation initiatives are as follow:

- Track and review electricity usage regularly and take corrective actions if required;
- Switch to energy-efficient LED lighting where possible;
- Air-conditioners are serviced regularly to ensure that they are working efficiently;
- Turn off lights and air-conditioners when they are not in use; and
- Consider energy efficiency when procuring plant and equipment.

In 2024, we will be replacing the air-conditioners in our Ang Mo Kio and Bedok shophouses with energy-efficient ones with help from the Energy Efficiency Grant.

Water Consumption

Water are mainly used for our clinic and retail (which provides facial services) operations.

Performance indicator (Group)	Unit of measurement	FY2023	FY2022
Water consumption	m ³	1,013	811
Water consumption intensity	m ³ /Revenue (S\$'000)	0.09	0.07
Water consumption intensity	m ³ /Average number of employees during financial period	19.86	15.90

Note: 1m³ = 1,000L

Our key water conservation initiatives are as follow:

- Track and review water usage regularly and take corrective actions if required; and
- Consider water efficiency when procuring plant and equipment.

■ SUSTAINABILITY REPORT FY 2023

Packaging Management

According to the National Environmental Agency of Singapore (“**NEA**”), out of 1.82 million tonnes of domestic waste disposed of in 2021, about 1/3 are packaging waste. Beauty and personal care product packaging often comes with extra challenges as a lot of the packaging is a mixture of different categories/types of materials that make it difficult to recycle.

Minimal Packaging

The Company is mindful of this key sustainability challenge to the industry since the early years of operation and believes that focusing on what works, designing or selecting packaging that minimise waste, is the most cost-effective option and best for the environment and our customers. The Company adopts minimal packaging by:

- Doing away with boxes in product package where possible;
- Using shrink wrap (instead of more elaborated packaging) for products which need to be enclosed or secured;
- Printing of product information (such as ingredients and direction for use) on immediate container of products so that there is no need for product information inserts;
- Selecting packaging shapes that will maximise case and pallet utilisation and transport efficiency; and
- Reusing of small second-hand boxes and thin brown paper to pack online orders of our products.

In addition, in designing or choosing the packaging of our skincare products, the Company aims to minimise product wastage due to leakage and damage of packaging and maximise consumer experience through using packaging that are fit for purpose. The container of the Golden Lipid Complex, one of our best-sellers, is an example of how we incorporate ergonomics in skincare product packaging. It is easy to carry around anywhere and can be placed inverted so that even the last drop of liquid content can be extracted easily and not wasted.

Mandatory Packaging Reporting (“**MPR**”)

Under the MPR scheme, producers of packaged products, such as brand owners, manufacturers and importers, need to submit packaging data and 3R (Reduce, reuse and recycle) plans to the NEA. Companies will have to provide information on the packaging that they introduce into Singapore annually, broken down according to the type of packaging material (for example plastic, paper, metal, glass), packaging form (for example carrier bags, bottles) and the corresponding weights.

The Company is preparing for MPR and is expected to submit its first annual reporting of packaging data and 3R plans in year 2025 (in relation to FY2024).

■ SUSTAINABILITY REPORT FY 2023

SOCIAL

Consumer Health and Safety

At the core, the Group is a healthcare provider and will put its care for patients and medical ethics first. Although we are accountable to the shareholders, patient care can never be a trade-off. We are confident that our commitment to delivering high quality skincare treatments will not only benefit our patients but also inspire them to recommend our clinics to others.

NIKS medical skincare products are manufactured by and subject to quality assurance processes at third-party manufacturing facilities which are GMP-compliant. Products are checked for defects when they are received in our warehouse, before dispatch to the clinics and shop salons and periodically at our premises. Majority of our skincare products have shelf life of 36 to 60 months. The Company purchases trading goods that are just enough for up to the next 12 months in order to avoid risk of stockouts arising from supply chain disruptions. Although cost per quantity of trading goods may be further reduced with larger order sizes, the Company opts not to order in quantities that are too large in order to keep our products fresh.

Our Chief Medical Officer (“**CMO**”) oversees the Group’s medical practices, standards and governance. Her responsibilities include:

- (a) advising on standard clinic procedures and practice guidelines in line with our internal policies and standard industry practices;
- (b) overseeing the overall clinic compliance with the relevant rules and regulations; and
- (c) monitoring performance of our doctors and recruitment of new doctors.

Our medical equipment, for example laser machines, are procured and inspected by our CMO. The equipment are regularly maintained and/or serviced according to manufacturers’ recommendations. Clinic assistants assisting doctors for laser procedures are also trained to spot machine issues and report them to the CMO, who will liaise with the local agents for repair.

During FY2023, there is no non-compliance concerning the health and safety of the Group’s skincare products and services and we aim to maintain this in the long term.

Responsible Marketing and Labelling

Errors and omissions in product labelling may prevent our customers from making informed purchasing choices. Material deficiencies and defects in the labelling of our products may result in mandatory recall of our skincare products from the market by the Health Science Authority of Singapore (“**HSA**”) and similar government authorities in other countries, harming our reputation in the market.

During FY2023, there is no non-compliance by the Group concerning product and service information and labelling and marketing communications and we aim to maintain this in the long term.

■ SUSTAINABILITY REPORT FY 2023

ASEAN Cosmetic Directive

Skincare products are considered cosmetic products by HSA and like all manufacturers and distributors who wish to market their skincare products in the Singapore market, the Company must comply with the cosmetic products regulation, which is in line with the ASEAN Cosmetic Directive (“**ACD**”). To comply with ACD in the product labelling aspect, information, such as function of product, instructions for use, ingredients in concentrations of 1% or more (by weight), country of manufacture, batch reference, expiry date and special precautions (if any), must appear on the outer packaging or immediate container of skincare products.

Laws and regulations in relation to product labelling are read from time to time to ensure that we are updated of the latest labelling requirements. Labels and product information are checked against product specifications at packaging design stage and product notification stage.

Advertising

Although medical skincare products are targeted to specific medical conditions and needs, have greater concentration of active ingredients, it is not medicine. The Company is careful not to label, advertise or promote our products for diagnosis, prevention, alleviation, treatment or cure (implied or otherwise) of any skin disease, disorder or medical condition. In order to not run afoul of the Advertising Law of China, the Group also avoid the use of medical jargons which may mislead the readers of our publicity materials to confuse our products with medicine.

In Singapore, advertising of medical services is regulated by applicable guidelines issued by the Ministry of Health and the relevant laws and regulations in Singapore, including and not limited to the Healthcare Services (Advertisement) Regulations 2021 and Singapore Medical Council’s Ethical Code and Ethical Guidelines. We strive to comply with these guidelines when advertising or promoting our medical services and keeps with the decorum expected of the medical profession. When producing our publicity materials which may be posted on social media platforms, we make effort to ensure that information presented are factually accurate and capable of being substantiated.

Workforce Profile

As at 31 December 2023 and 31 December 2022, the Group’s workforce includes 5 doctors who are full-time employees of the Company. During FY2023 and FY2022, the Group did not hire any locum doctor or resident doctor. The number of and amount of work provided by casual labour and temporary or part-time employees is not significant.

■ SUSTAINABILITY REPORT FY 2023

Further movements and breakdowns of our workforce, which comprise permanent and full-time employees, during and as at the end of FY2023 and FY2022 are as follows:

FY2023	Male		Female		Total	
	Number	%	Number	%	Number	%
As at 1 January 2023 ^A :						
– Under 30 years old	–	–	3	6	3	6
– 30-50 years old	5	10	20	40	25	50
– Over 50 years old	5	10	17	34	22	44
Sub-total	10	20	40	80	50	100
Joiners during the year ^B :						
– Under 30 years old	–	–	9	17	9	17
– 30-50 years old	1	2	2	4	3	6
– Over 50 years old	1	2	3	6	4	8
Sub-total	2	4	14	27	16	31
Leavers during the year ^C :						
– Under 30 years old	–	–	(7)	14	(7)	14
– 30-50 years old	(1)	2	(1)	2	(2)	4
– Over 50 years old	(1)	2	(4)	8	(5)	10
Sub-total	(2)	4	(12)	24	(14)	28
As at 31 December 2023 ^A :						
– Under 30 years old	–	–	5	10	5	10
– 30-50 years old	5	10	21	40	26	50
– Over 50 years old	5	9	16	31	21	40
Total	10	19	42	81	52	100

Notes:

A (%) – Number of employees as percentage of total number of employees as at stated date

B (%) – Joiners (New employees hires) as percentage of total number of employees at period end date

C (%) – Employee turnover rate: Number of leavers/Average number of employees during the period x 100%

■ SUSTAINABILITY REPORT FY 2023

FY2022	Male		Female		Total	
	Number	%	Number	%	Number	%
As at 1 January 2022 ^A :						
– Under 30 years old	–	–	5	10	5	10
– 30-50 years old	6	12	21	40	27	52
– Over 50 years old	5	9	15	29	20	38
Sub-total	11	21	41	79	52	100
Joiners during the year ^B :						
– Under 30 years old	–	–	2	4	2	4
– 30-50 years old	2	4	3	6	5	10
– Over 50 years old	1	2	1	2	2	4
Sub-total	3	6	6	12	9	18
Leavers during the year ^C :						
– Under 30 years old	–	–	(3)	6	(3)	6
– 30-50 years old	(3)	6	(4)	8	(7)	14
– Over 50 years old	(1)	2	–	–	(1)	2
Sub-total	(4)	8	(7)	14	(11)	22
As at 31 December 2022 ^A :						
– Under 30 years old	–	–	4	8	4	8
– 30-50 years old	5	10	20	40	25	50
– Over 50 years old	5	10	16	32	21	42
Total	10	20	40	80	50	100

Notes:

A (%) – Number of employees as percentage of total number of employees as at stated date

B (%) – Joiners (New employees hires) as percentage of total number of employees at period end date

C (%) – Employee turnover rate: Number of leavers/Average number of employees during the period x 100%

SUSTAINABILITY REPORT FY 2023

Nationality (FY2023)	Male		Female		Total	
	Number	%	Number	%	Number	%
Singaporean	7	13	24	46	31	59
Chinese	1	2	6	12	7	14
Malaysian	1	2	11	21	12	23
Others	1	2	1	2	2	4
Total	10	19	42	81	52	100

Nationality (FY2022)	Male		Female		Total	
	Number	%	Number	%	Number	%
Singaporean	7	14	25	50	32	64
Chinese	1	2	5	10	6	12
Malaysian	1	2	9	18	10	20
Others	1	2	1	2	2	4
Total	10	20	40	80	50	100

Length of service (FY2023)	Male		Female		Total	
	Number	%	Number	%	Number	%
Less than 5 years	4	8	13	25	17	33
5 years and above	6	11	29	56	35	67
Total	10	19	42	81	52	100

Length of service (FY2022)	Male		Female		Total	
	Number	%	Number	%	Number	%
Less than 5 years	4	8	12	24	16	32
5 years and above	6	12	28	56	34	68
Total	10	20	40	80	50	100

■ SUSTAINABILITY REPORT FY 2023

Training and Development

Our employee training programme is manifold and comprises the following:

(a) Clinic – Doctors

New doctors would undergo product training by product trainer and training on equipment handling and treatment procedures by our Chief Medical Officer. Existing doctors would undergo on-the-job training on an ongoing basis

Under the Continuing Medical Education Programme administered by the Singapore Medical Council (“**SMC**”), medical practitioners in Singapore are required to continually upgrade their knowledge and skills in order to maintain their competency to practise. In addition to complying with SMC’s requirements, our doctors also undergo continuous on-the-job training to ensure they possess the proficiency and skills necessary to effectively treat patients.

(b) Clinic – Clinic assistants

New clinic assistants would be trained on the usual clinic operating protocols and also the additional knowledge required for the aesthetics aspects of our clinical operations, such as assisting our doctors during procedures. Clinic assistants are supervised by clinic supervisors and undergo on-the-job training on an ongoing basis.

(c) Retail associates

New retail associates would be trained for 6 to 8 weeks by our product trainer on product knowledge and various operations of our shop salons, such as operating the point-of-sale systems and managing inventory. Existing retail associates would be briefed periodically on new/existing products (including ingredients used and suitability for each skin type) and customer services.

(d) Headquarters staff

Headquarters staff are encouraged to attend trainings that are relevant to their job scopes to keep abreast with developments in their area of specialty.

■ SUSTAINABILITY REPORT FY 2023

Occupational health and safety

Our employees spend significant amount of their lives at work. Management is thus morally obliged to ensure workplace safety and health. Although our employees are not required to carry out physically demanding manual work substantially and work are performed indoor, management take reasonable precaution (for example ensuring fire safety measures are in place and observing employees' behaviour) to detect and/or prevent work-related injuries and ill-health. The Group believe that a safe and conducive work environment can boost staff morale and productivity and in turn, enable us to better meet the diverse needs of our other stakeholders.

The Board and management of the Company are also cognizant that under section 48(1) of the Workplace Safety and Health ("WSH") Act, officers of a company (including chief executives and board members) can be held accountable for WSH Act offence committed by his/her company. Section 48(1) of the WSH Act covers risks to health, which includes both physical and mental well-being.

During FY2023, the Group has no workplace fatalities, high-consequence* work-related injuries, recordable work-related injuries and ill health case.

* High consequence injuries refer to injuries from which the worker cannot fully recover fully to pre-injury health status within 6 months.

GOVERNANCE

The Group views corporate accountability, transparency and sustainability as strategic tools for enhancing long-term shareholders' value and are committed to observing high standards of corporate governance.

Code of Corporate Governance 2018

During FY2023, the Company adhere substantially to provisions of the Code of Corporate Governance 2018. Please refer to 'Corporate Governance Report' section of Annual Report 2023 for the Company's corporate governance values and practices.

The Group has in place an internal guide on matters that require the Board's approval. This would ensure that matters that are expected to have a material impact on the Group are carefully considered.

Independence and Diversity

The Board comprise 5 directors, of which 3 (i.e. 60%) are independent and 1 (i.e. 20%) is a female. Key management personnel comprise 2 executive directors and 3 executive officers, of which 2 (i.e. 40%) are female.

Please refer to our commentaries under Principle 2 of 'Corporate Governance Report' section of Annual Report 2023 for more information about:

- Independence review of each independent director;
- Board diversity policy of the Company;
- Board composition and balance and mix of skills, knowledge and experience; and
- Diversity targets and progress for FY2023.

■ SUSTAINABILITY REPORT FY 2023

Code of Conduct and Anti-Corruption

The Group has established a 'Code of Business Conduct and Ethics for Directors and Employees' ("**Code of Conduct**") that states the fundamental principles of ethical and professional conduct expected of all employees covering areas such as employees' responsibilities to the Group, confidentiality of information, anti-corruption and conflict of interest. Employees of the Group, including the directors, whose job responsibilities may give rise to conflict of interest would be required to complete and submit an annual conflict of interest declaration to the Human Resources Department of the Company.

As at the date of this report, the Code of Conduct has been communicated directly via email to the following personnel:

Employee category	Informed of the Code of Conduct	
	Number of employees	As a percentage of total workforce %
Independent directors	3	Not applicable
Key management personnel: Executive directors	2	4
Key management personnel: Executive officers	3	7
Doctors [#]	5	9
Managers [#]	5	9
Finance personnel [#]	2	4
Total	17	33

[#] Excluding key management personnel

The Code of Conduct would be finetuned by the end of 1H 2024 and published on the Company's website.

Corruption risks are covered in the Company's ERM framework and risks of corruption practice taking place in the Group is not high.

During FY2023, this is no confirmed incident of corruption and there is no public legal case regarding corruption brought against any group entity or its employees.

The Company would formalise and conduct in-house training on the Code of Conduct (including anti-corruption) for employees during FY2024.

Whistle-Blowing

The Group also has in place a whistle-blowing policy which is available on the Company's website (Link: www.nikspro.com/whistle-blowing-policy). More details of the Company's whistle-blowing policy can be found in 'Whistle-Blowing Policy' section of Corporate Governance Report FY2023. All concerns about possible improprieties can be communicated directly to the Deputy Chairman and Lead Independent Director via email: whistle@nikspro.com.

No significant matter was raised through the Group's whistle-blowing channels during FY2023 and up to the date of this report.

■ SUSTAINABILITY REPORT FY 2023

Grievance Mechanism

While a whistleblower complaint is focused on exposing illegal or unethical behaviours in the workplace and protecting the whistleblower, a grievance complaint is focused on resolving a dispute (usually arising from negative impacts from business activities) between the Company and stakeholder(s).

Niks Professional is committed to addressing any potential negative impacts arising from business activities and operations and will cooperate with the relevant parties to undertake remedial actions. Feedback and complaint can be directed to management via any modes of communication, not restricted to telephone, email and enquiry form in our website. Stakeholders raising feedback or complaint shall be protected from reprisal and his/her identity shall be kept confidential as far as is practicable.

The Company also actively monitors our social media channels and popular online review platforms for negative comments or reviews. For genuine concerns, we would reply publicly to acknowledge the feedback and/or offer our perspectives to clear any misunderstanding. We may seek to contact the stakeholder in private for a more in-depth communication.

Data Privacy

During the course of work, our clinic assistants and retail associates collect, record and process personal information and medical records of our patients and customers electronically. We are required to protect these personal information and medical records under the Personal Data Protection Act (“**PDPA**”) and other relevant legislation such as the Healthcare Services Act 2020 of Singapore.

Personal information and medical records collected and/or generated and retained by the Group are highly sensitive and any unauthorised access or disclosure may have severe consequences for us and our patients and customers. Accordingly, we have taken security measures to prevent, detect, address and mitigate the risk of potential data security breaches. These measures include storing the data collected and/or generated on reputable third-party platforms with industry-standard security features and conducting regular penetration tests. Additionally, we have also formalised a PDPA policy and published it on our website. Anyone who wishes to report data breaches (Actual or potential) and has any question in relation to our PDPA policy can contact our data protection officer via email: pdpa@nikspro.com

During FY2023, there is no substantiated complaints concerning breaches of data privacy and losses of personal data.

Laws and Regulations

The Company and its tax agent made incorrect claims for Section 14N deduction, capital allowances and medical expenses in tax returns for FY2019 and FY2020. The Inland Revenue Authority of Singapore compounded the offence for S\$600 in FY2023 on the basis that the incorrect tax returns were made without any wilful intent to evade tax.

Other than the above, there is no significant instance of non-compliance with laws and regulations during FY2023. In determining the significance of an instance of non-compliance with laws and regulations, the severity of the impact resulting from the instance of non-compliance would be considered.

SUSTAINABILITY REPORT FY 2023

PERFORMANCE REVIEW AND TARGET SETTING

Pillar – Material Topic	Targets and/or plans for FY2024	Performance in FY2023 (Retrospective review)
Economic – Customer satisfaction	(a) Enhance presence in China's e-commerce marketplace (b) Recruit regional agents in China for provinces where the Group is not currently represented (c) Opening of 4th clinic in the northern region of Singapore	Refer to 'Economic – Customer Satisfaction' section of Sustainability Report FY2023
Environmental – Packaging Management	Submit the Company's first annual reporting of packaging data and 3R plans in year 2025 (in relation to FY2024) under the MPR scheme of NEA	Commenced preparation for MPR
Social – Consumer health and safety	<u>Ongoing and long-term target:</u> Zero incident of non-compliance concerning the health and safety of products and services	Zero incident of non-compliance concerning the health and safety of products and services
Social – Responsible marketing and labelling	<u>Ongoing and long-term target:</u> Zero incident of non-compliance concerning product and service information and labelling and marketing communications	Zero incident of non-compliance concerning product and service information and labelling and marketing communications
Governance – Code of conduct/Anti-corruption	Formalise and conduct in-house training on anti-corruption	Not applicable
Governance – Data privacy	<u>Ongoing and long-term target:</u> Zero incident of substantiated complaints concerning breaches of data privacy and losses of personal data	Zero incident of substantiated complaints concerning breaches of data privacy and losses of personal data
Governance – Laws and regulations	<u>Ongoing and long-term target:</u> Zero incident of significant instance of non-compliance with laws and regulations	Zero incident of significant instance of non-compliance with laws and regulations
–	Prepare for enhanced mandatory climate-related disclosures and conduct of external limited assurance on Scope 1 and 2 greenhouse gas emissions that would be applicable from FY2025 to FY2027	Not applicable
–	Formalise and conduct in-house training on the Code of Conduct (including anti-corruption) for employees	Not applicable

■ SUSTAINABILITY REPORT FY 2023

SUPPORTING THE TCFD

We are committed to support the recommendations by the Task Force on Climate-related Financial Disclosures (“**TCFD**”). The following table describes the Company’s approach in managing climate-related risks and opportunities.

TCFD’s pillars	Our approach
Governance	<p>Please refer to ‘Board Statement – Sustainability Governance’ section in this report for:</p> <ul style="list-style-type: none"> – Board’s oversight of material EESG topics and climate-related risk and opportunities; and – Sustainability Committee’s role in the assessment and management of material EESG topics and climate-related risk and opportunities.
Strategy	<p>Please refer to ‘Climate Change – Risks, Opportunities and Financial Implications’ section of this report for:</p> <ul style="list-style-type: none"> – Climate-related risks and opportunities identified; – Relating potential impact to the business and potential financial impact; and – Group’s response to these potential impacts. <p>The Company may perform scenario analysis, in line with TCFD recommendations, using commonly used market standards in future.</p>
Risk Management	<p>Please refer to ‘Climate Change – Risks, Opportunities and Financial Implications – Climate-Related Risks’ section of this report for:</p> <ul style="list-style-type: none"> – Group’s processes for identifying and assessing climate-related risks; and – How the above processes integrate with the Group’s ERM framework.
Metrics and targets	<p>Please refer to ‘Climate Change – Risks, Opportunities and Financial Implications’ section of this report for how the Group is managing climate-related risks and opportunities.</p> <p>The Group does not have targets for GHG emissions, electricity and water usage, taking into consideration of the Group’s mode and scale of operations which results in the climate impact being remote.</p> <p>However, the Group is committed to continually monitoring and disclosing our Scope 1 and 2 GHG emissions, electricity and water usage and focus on ways to minimising GHG emissions, electricity and water usage. Please refer to ‘Environmental’ section – GHG Emissions/Energy Consumption/Water Consumption’ section of this report.</p>

SUSTAINABILITY REPORT FY 2023

GRI Content Index

Statement of use	Niks Professional Ltd. (the “ Company ”, and together with its subsidiaries, the “ Group ”) has reported with reference to the GRI Standards for the reporting period from 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	The available GRI Sector Standards are not applicable to the Group.

Disclosure		Annual report section reference	Requirement(s) omitted and reason/explanation for omission
Ref	Description		
GRI 2: General Disclosures 2021			
1. The organisation and its reporting practices			
2-1	Organisational details	Corporate Profile Corporate Information Sustainability Report (“ SR ”) – Board Statement Statistics of Shareholdings	–
2-2	Entities included in the organisation’s sustainability reporting	SR – Board Statement	–
2-3	Reporting period, frequency and contact point	SR – Board Statement	–
2-4	Restatements of information	–	Not applicable (“ N/A ”): This is the Company’s inaugural SR.
2-5	External assurance	SR – Board Statement	2.5(b) – N/A: The SR is not externally assured. Company may consider seeking external assurance for its SRs in future.
2. Activities and workers			
2-6	Activities, value chain and other business relationships	Corporate Profile SR – Organisational Profile SR – Economic: Customer Satisfaction	2-6d – N/A: No significant change in the Group’s activities and supply chain.
2-7	Employees	SR – Social: Workforce Profile	2-7e – N/A: There is no significant fluctuation in the number of employees during FY2023 and compared to FY2022.
2-8	Workers who are not employees	–	N/A: NIKS medical skincare products are manufactured by GMP-compliant factories overseas but work of the manufacturers are not controlled by the Group.

SUSTAINABILITY REPORT FY 2023

Disclosure		Annual report section reference	Requirement(s) omitted and reason/explanation for omission
Ref	Description		
3. Governance			
2-9	Governance structure and composition	Board of Directors Corporate Information SR – Board Statement Corporate Governance Report (“ CG Report ”) (Introduction paragraphs and disclosures under Provision 2.4 of the Code of Corporate Governance 2018 (the “ Code ”))	–
2-10	Nomination and selection of the highest governance body	CG Report (Disclosures under Provision 4.3 of the Code)	–
2-11	Chair of the highest governance body	Board of Directors CG Report (Disclosures under Provision 1.1, 3.1 and 3.2 of the Code)	–
2-12	Role of the highest governance body in overseeing the management of impacts	SR – Board Statement SR – Stakeholder Engagement SR – Determination of Material Topics	–
2-13	Delegation of responsibility for managing impacts	SR – Board Statement	–
2-14	Role of the highest governance body in sustainability reporting	SR – Board Statement SR – Determination of Material Topics	–
2-15	Conflicts of interest	CG Report (Disclosures under Provision 1.1 of the Code and ‘Interested Person Transactions’) SR – Organisational Profile Statistics of Shareholdings	–
2-16	Communication of critical concerns	CG Report (Disclosures Under ‘Whistle-Blowing Policy’) SR – Governance: Whistle-Blowing	–

■ SUSTAINABILITY REPORT FY 2023

Disclosure		Annual report section reference	Requirement(s) omitted and reason/explanation for omission
Ref	Description		
2-17	Collective knowledge of the highest governance body	SR – Board Statement CG Report (Disclosures under Provision 1.2 of the Code)	–
2-18	Evaluation of the performance of the highest governance body	CG Report (Disclosures under Provision 5.1 and 5.2 of the Code)	2-18b/c – N/A: No evaluation of performance was conducted. The Company was newly listed and interaction/engagement between the directors post-listing is not enough for insightful performance evaluation.
2-19	Remuneration policies	CG Report (Disclosures under Provision 7.1, 7.2 and 7.3 of the Code)	2-19b – N/A: Remuneration policies of directors and key management personnel does not take into account of how well EESG impacts are managed. Please refer to disclosures in CG Report.
2-20	Process to determine remuneration	CG Report (Disclosures under Provision 6.4, 7.1, 7.2 and 7.3 of the Code)	2-20b – N/A: Remuneration policies and proposals are usually approved by the Board.
2-21	Annual total compensation ratio	CG Report (Disclosures under Provision 8.1 and 8.3 of the Code)	2-21b – N/A: Annual total compensation for the Group's highest paid individual and median annual total compensation of all employees were lower in FY2023 compared to that of FY2022.
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Chairman's Statement SR – Board Statement; Economic, Environmental; Social; Governance; Performance Review and Target Setting	–
2-23	Policy commitments	SR – Governance: Code of Conduct and Anti-Corruption	2-23b – Information unavailable: The Company will include specific policy commitment in relation to human rights by end of FY2024.
2-24	Embedding policy commitments	SR – Governance: Code of Conduct and Anti-Corruption	–

SUSTAINABILITY REPORT FY 2023

Disclosure		Annual report section reference	Requirement(s) omitted and reason/explanation for omission
Ref	Description		
2-25	Processes to remediate negative impacts	SR – Governance: Grievance Mechanism	2-25d/e – N/A: Stakeholders are able to raise feedbacks easily via various online and offline channels and there is no suggestion from stakeholders to improve grievance mechanism further.
2-26	Mechanism for seeking advice and raising concerns	CG Report (Disclosures Under ‘Whistle-Blowing Policy’) SR – Governance: Whistle-Blowing	–
2-27	Compliance with laws and regulations	SR – Governance: Laws and Regulations	–
2-28	Membership associations	–	N/A: The Group does not participate in a significant role in industry/membership associations and advocacy organisation.
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	SR – Stakeholder Engagement	–
2-30	Collective bargaining agreement	–	N/A: No employee of the Group is covered by collective bargaining agreement.
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	SR – Determination of Material Topics	–
3-2	List of material topics	SR – Material Topics	–
3-3	Management of material topics	SR – Materiality Assessment; Economic; Environmental; Social; Governance	–
Material Topics (GRI 201: Economic Performance 2016)			
201-1	Direct economic value generated and distributed	Financial Review Financial Statements	–
201-2	Financial implications and other risks and opportunities due to climate change	SR – Economic: Climate Change – Risks, Opportunities and Financial Implications	–

■ SUSTAINABILITY REPORT FY 2023

Disclosure		Annual report section reference	Requirement(s) omitted and reason/explanation for omission
Ref	Description		
201-3	Defined benefit plan obligations and other retirement plans	Note 8 to the Financial Statements	N/A: The retirement plans offered to employees are not based on defined benefit plans. The Group is obliged to contribute, for employees who are Singaporeans or Singapore Permanent Residents, to the Central Provident Fund, a defined contribution retirement benefit plan managed by the Singapore government.
201-4	Financial assistance received from government	SR – Economic: Economic Performance Note 7 to the Financial Statements Statistics of Shareholdings	201-4c – N/A: No government is present in the shareholding structure of the Company.
Material Topics (GRI 205: Anti-Corruption 2016)			
205-1	Operations assessed for risks related to corruption	SR – Governance: Code of Conduct and Anti-Corruption	–
205-2	Communication and training about anti-corruption policies and procedures	SR – Governance: Code of Conduct and Anti-Corruption	205-2c – N/A: Anti-corruption policies and procedures are not formally communicated to business partners. However, such policies and procedures (Code of Business Conduct and Ethics for Employees) would be available on the Company's website. 205-2e – N/A: The Company aims to formalise and conduct regular in-house training on anti-corruption for employees with effect from FY2024.
205-3	Confirmed incidents of corruption and actions taken	SR – Governance: Code of Conduct and Anti-Corruption	–
Material Topics (GRI 416: Customer Health and Safety 2016)			
416-1	Assessment of the health and safety impacts of products and service categories	SR – Social: Consumer Health and Safety	–
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR – Social: Consumer Health and Safety	–

■ SUSTAINABILITY REPORT FY 2023

Disclosure		Annual report section reference	Requirement(s) omitted and reason/explanation for omission
Ref	Description		
Material Topics (GRI 417: Marketing and Labelling 2016)			
417-1	Requirements for product and service information and labelling	SR – Social: Responsible Marketing and Labelling	–
417-2	Incidents of non-compliance concerning product and service information and labelling	SR – Social: Responsible Marketing and Labelling	–
417-3	Incidents of non-compliance concerning marketing communications	SR – Social: Responsible Marketing and Labelling	–
Material Topics (GRI 418: Customer Privacy 2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR – Governance: Data Privacy	–

■ CORPORATE GOVERNANCE REPORT FY2023

3 April 2024

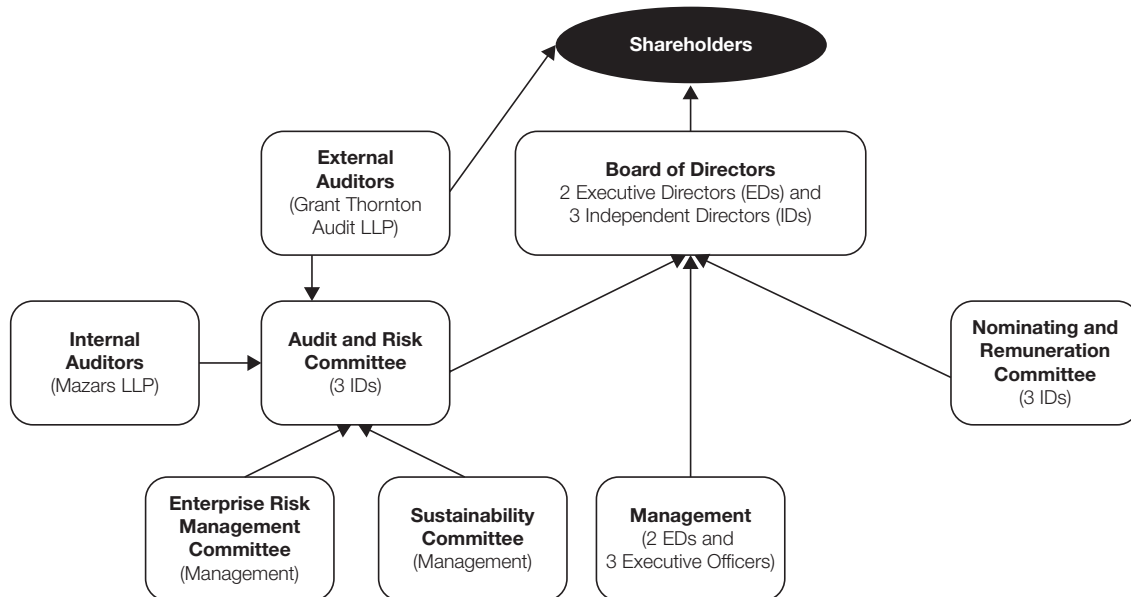
Niks Professional Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintaining a high standard of corporate governance within the Group. The Company views corporate accountability, transparency and sustainability as strategic tools for enhancing long-term shareholders’ value and are committed to observing high standards of corporate governance to protect the interests of the Company’s shareholders.

In compliance with Rule 710 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), this report describes the Company’s corporate governance practices with specific reference to both the principles and provisions set out in the Code of Corporate Governance 2018 (the “**Code**”) issued by the Monetary Authority of Singapore (the “**MAS**”), as well as the accompanying practice guidance.

Statement of Compliance

The Board of Directors of the Company (the “**Board**”) is pleased to confirm that for the year ended 31 December 2023 (“**FY2023**”), the Group has generally adhered to the principles and provisions set out in the Code. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this report.

As at the date of this report, the Company’s corporate governance framework is as follows:



■ CORPORATE GOVERNANCE REPORT FY2023

BOARD MATTERS

The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.

Principle 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board oversees the Group's overall policies, strategies, key operational initiatives, performance and measurement, internal controls and risk management to protect and enhance long-term shareholders' value. The Board and management are committed to conducting business with integrity, consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. Board members are entrusted to discharge their duties and responsibilities objectively, act in the best interest of the Company and hold management accountable for performance. The primary roles and responsibilities of the Board, apart from its statutory duties, include:

Provision 1.1 of the Code:
Directors are fiduciaries who act objectively in the best interests of the Company

- Overseeing the overall management and corporate affairs of the Group;
- Formulating the Group's strategies, focusing on value creation and innovation and considering sustainability issues (e.g. economic, environmental, social and governance ("EESG") factors) and climate change;
- Ensuring that the necessary resources are in place for the Group to meet its strategic objectives;
- Setting financial objectives and monitoring the Group's financial performance and management's performance;
- Reviewing and approving the Group's business plan, including annual budgets and major funding proposals;
- Overseeing the evaluation of the adequacy and effectiveness of financial reporting, internal controls (including financial, operational, compliance and information technology controls) and risk management framework;
- Setting the Group's approach to corporate governance, including the establishment of ethical values and standards;
- Monitoring and ensuring compliance with the Catalist Rules and laws and regulations relevant to the Group;
- Monitoring the Company's risk of becoming subject to, or violating, any sanctions law and ensuring that disclosures to/via the SGX-ST and other relevant authorities are made accurately and in a timely manner; and
- Balancing the demands of the business with those of the Company's stakeholders and ensuring obligations to material stakeholder groups (including shareholders) are met.

The Board has put in place a 'Code of Business Conduct and Ethics' which establishes the fundamental principles of professional and ethical conduct expected of all employees and Board members when carrying out their duties. It includes guidelines on matters relating to conflicts of interest.

A director is required to promptly disclose any actual, potential and perceived conflict of interest in relation to any transaction or matter discussed or contemplated by the Group, and must recuse himself/herself from participating in discussions and decisions involving the matter, unless his/her presence and participation is necessary to enhance the efficacy of such discussion. Nevertheless, he/she shall abstain from voting on resolutions in relation to the conflict-related matters and such abstention shall be duly recorded in the respective minutes and/or resolutions of the Board and/or the Board Committees.

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All directors are aware of their fiduciary duties and are committed to exercising due care and diligence in decision-making and to objectively discharge their duties and responsibilities in the best interest of the Company. Aside from their statutory duties, the key roles of the different classes of directors are set out below:

- Executive directors are members of management who are involved in the day-to-day running of the Group's business operations. They work closely with the independent directors on the long-term sustainability and success of the Group. They provide insights and recommendations on the Group's operations at the Board and Board Committee meetings.
- Independent directors do not participate in the Group's business operations. They provide independent and objective advice and insights to the Board and management. They constructively challenge management on its decisions and contribute to the development of the Group's strategic goals and policies. They review management's performance in achieving the strategic goals as well as the appointment, assessment and remuneration of the executive directors and key management personnel.

Provision 1.2 of the Code:
Directors' duties, induction, training and development

New directors would be briefed on the Group's industry, business, organisation structure and strategic plans and objectives. Minutes of the Board and Board Committees' meetings for the past one year, Company's Constitution, terms of reference of the Board Committees together with the relevant policies and procedural guidelines where appropriate would also be provided. Orientation for new directors includes visits to the Group's key premises and meet-ups with key executives. This would enable new directors to be acquainted with the key executives and facilitate their independent access to the key executives in future.

In addition to the induction as detailed above, first-time directors who have no prior experience as director of a listed company in Singapore, must attend certain modules of the Listed Entity Director Programme conducted by the Singapore Institute of Directors ("**SID**") to acquire relevant knowledge of what is expected of a listed company director. These mandatory training courses prescribed by the SGX-ST for first-time directors focuses on compliance, regulatory and governance matters of Singapore listed companies and should provide first-time directors with broad understanding of roles and responsibilities of a director of a listed company as required under Rule 406(3)(a) of the Catalist Rules. The fees for mandatory training courses for first-time directors will be borne by the Company.

In compliance with Rule 406(3)(a) of the Catalist Rules, the executive directors, Mr Cheng Shoong Tat and Dr Ong Fung Chin, who do not have prior experience as directors of a company listed on the SGX-ST, attended the relevant mandatory training courses (Core modules of SID's Listed Entity Director Programme) in March 2024.

As at the date of this report, all directors had attended the mandatory training on sustainability matters prescribed under Rule 720(6) of the Catalist Rules.

The directors are provided with updates from time to time by professional advisers, auditors, management and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management and financial reporting standards. In addition, management regularly updates the directors on the business development of the Group during Board and Board Committee meetings.

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Briefings, updates, seminars and trainings attended by the directors in FY2023 and up to the date of this report include:

- Executive directors and officers updated the independent directors on business developments and future plans of the Group;
- Briefing on directors' duties and obligations by Drew & Napier LLC, solicitors to the Company's initial public offering;
- Briefing on key Catalist Rules and timelines of SGXNet announcements by SAC Capital Private Limited, continuing sponsor of the Company;
- 'Audit and Risk Committee Seminar 2023' jointly organised by ACRA, SGX RegCo and SID;
- 'Listed Entity Directors' Programme (Core Modules)' organised by SID; and
- 'Putting Sustainability Into Practice For Business' organised by Singapore Environment Council.

The Nominating and Remuneration Committee evaluates the individual directors' competencies and recommends to the Board on training and development programmes for each director. Our directors are encouraged to attend relevant seminar and training programmes to enhance their skills and knowledge.

Although the day-to-day management of the Company is delegated to the executive directors, there are matters which are required to be decided by the Board as a whole.

Provision 1.3 of the Code:

Matters requiring Board's approval

The Group has in place an internal guide on matters that require the Board's approval and these matters include:

- Changes to the Group's capital structure and corporate structure;
- Material investments, acquisitions and divestments;
- Material operating and capital expenditure;
- Interested person transactions;
- Significant policies and strategic plans;
- Recommendation/declaration of dividend;
- Annual budgets, financial statements, annual reports, sustainability reports, circulars to shareholders and SGXNet announcements; and
- Appointment or removal of directors, company secretary and key management personnel of the Company.

Management is fully apprised of the matters which require the approval of the Board and/or Board Committees.

Certain important matters could be subject to the recommendation by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

With effect from 8 February 2024, the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") were merged to streamline their respective functions for greater efficiency in reviewing the appointment, performance and remuneration of directors and key management personnel. Notwithstanding that the NC and RC were merged, the roles and responsibilities of the respective functions were not compromised and the Company continues to adhere to the principles of the Code in relation to the NC and the RC.

Provision 1.4 of the Code:
Board Committees

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Board Committees, namely the Audit and Risk Committee (“**ARC**”) and the Nominating and Remuneration Committee (“**NRC**”) have been established to assist the Board. Each Board Committee has its own terms of reference, setting out the composition, authorities and duties, which are approved by the Board. All Board Committees are chaired by an independent director. The activities of the Board Committees are reported to the Board by the respective committee chairman after each meeting.

The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The terms of reference of the respective Board Committees, which are reviewed by the Board on a regular basis, as well as other relevant information on the Board Committees can be found in the subsequent sections of this report.

Composition of Board and Board Committees

Name of director	Audit and Risk Committee	Nominating and Remuneration Committee
Mr Cheng Shoong Tat ⁽¹⁾ (Chairman and CEO)	–	–
Mr Mark Andrew Yeo Kah Chong ⁽²⁾ (Deputy Chairman and Lead Independent Director)	Chairman	Member
Dr Ong Fung Chin ⁽¹⁾ (President and Chief Medical Officer)	–	–
Mr Manu Bhaskaran ⁽²⁾ (Independent Director)	Member	Chairman
Mr Tan Teck Huat ⁽²⁾ (Independent Director)	Member	Member

Note:

- (1) Mr Cheng and Dr Ong are spouses.
 (2) Appointed on 27 September 2023.

Profiles of the directors are set out in the ‘Board of Directors’ section of Annual Report 2023.

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The Board shall meet on a half yearly basis and on ad-hoc basis if required. Board and Board Committee meetings and annual general meeting are scheduled well in advance in consultation with the directors to ensure maximum attendance.

In accordance with Regulation 107(1) of the Company's Constitution, a director who is unable to attend a Board meeting in person can participate in the meeting via telephone conference or other forms of audio, audio-visual, electronic or instantaneous communication by which all persons participating in the meeting are able to hear and be heard by all other participants. Important matters concerning the Group can also be put to the Board and Board Committees for decision by way of written resolutions.

The directors attend and actively participate in Board and Board Committee meetings. The independent directors contribute to the Board process by monitoring and reviewing management's performance in meeting the Group's goals and objectives.

The attendance of the directors at Board and Board Committees meetings held since the Company's listing date on 27 October 2023 and up to the date of this report are set out as follows:

Directors	Board (Number of meetings held: 1)	ARC (1)	NRC (1)
	Number of meetings attended		
Mr Cheng Shoong Tat	1	1*	1*
Mr Mark Andrew Yeo Kah Chong	1	1	1
Dr Ong Fung Chin	1	1*	1*
Mr Manu Bhaskaran	1	1	1
Mr Tan Teck Huat	1	1	1

* By invitation.

The NRC considers whether the directors are able to and have adequately carried out their duties, taking into consideration their other listed company board representations and other principal commitments. More details can be found under Principle 4 of this report.

Management recognises that relevant, complete and accurate information needs to be provided to the directors prior to meetings and on an on-going basis to enable the directors to make informed decisions and discharge their duties and responsibilities effectively and efficiently. As such, management takes initiative to brief the Board on potential business development at an early stage before formal Board approval is sought.

Management provides the Board with half-yearly financial information and relevant background information and materials relating to the matters that will be discussed at the Board and Board Committee meetings. This enables the directors to better understand the subject matters before the meetings, allowing for more time at such meetings for questions that directors may have. Any additional materials or information requested by the directors are promptly furnished. If necessary, key management personnel who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentation and address the concerns of the directors.

Provision 1.5 of the Code:
Attendance and participation in Board and Board Committee meetings

Provision 1.6 of the Code:
Complete, adequate and timely information to make informed decisions

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In respect of the annual budget of the Group, material variance between budgeted results and actual results are highlighted and explained by management at ARC and/or Board meetings.

Management will also inform the Board of all significant events as and when they occur and circulate Board papers and/or salient information on material transactions to facilitate a robust discussion before the transactions are entered into.

All meeting agenda and papers are circulated one week in advance of the Board and each Board Committee meeting to allow Board members sufficient time to read and prepare for discussions. The minutes of Board and Board Committees meetings are circulated to all Board members for review and approval.

The Board has separate and independent access to management, the company secretary and external professionals, including legal counsels and auditors. Any materials or information requested by the directors would be promptly furnished.

The role of the company secretary is clearly defined and includes:

- Attending Board and Board Committee meetings, ensuring that meeting procedures are adhered to and preparing meeting minutes;
- Together with management, ensuring that the Company complies with all relevant requirements of the Companies Act, Securities and Futures Act 2021 of Singapore and the Catalist Rules;
- Advising the Board on all corporate governance matters; and
- Assisting the Chairman in ensuring adequate and flow of information in a timely manner within the Board and Board Committees and between management and the Board.

The corporate secretarial function is outsourced to Boardroom Corporate & Advisory Services Pte. Ltd..

The appointment and removal of the company secretary is subject to the approval of the Board.

The Company will seek appropriate advice or opinion from qualified external professional or expert, if deemed necessary by the Board. The directors, whether as a group or individually, are entitled to seek independent professional advice at the expense of the Company, if required.

Provision 1.7 of the Code:

Separate independent access to management, company secretary and external advisers; Appointment and removal of the company secretary

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The Board has an appropriate balance of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Board Independence

The Board opines that the role of the independent directors is particularly important in ensuring that the strategies proposed by management are constructively challenged, thoroughly considered and examined, and take into account the long-term interests of the Group's stakeholders, which includes shareholders, employees, customers, suppliers and regulators.

As at the date of this report, the Board comprises 5 directors, 3 of whom are independent. The independent element on the Board is thus strong and enables the Board to exercise objective independent judgement on corporate affairs and provide management with diverse and objective perspectives on issues.

The independence of each director will be reviewed annually by the NRC. Each independent director is required annually to complete a checklist to confirm his independence. The checklist is drawn up based on the guidelines provided in Practice Guidance 2 of the Code and Rule 406(3)(d) of the Catalist Rules. The NRC refers to the circumstances set out in Practice Guidance 2 of the Code as well as Rule 406(3)(d) of the Catalist Rules in which a director should be deemed to be non-independent in its review. The existence of any of the following relationships or circumstances would deem the director as not independent:

- (a) if he/she is employed by the Company or any of its related corporations for the current or any of the past 3 financial years;
- (b) if he/she has an immediate family member who is or has been employed by the Company or any of its related corporations for the past 3 financial years and whose remuneration is determined by the NRC of the Company;
- (c) if he/she has been a director of the Company for an aggregate period of more than 9 years (whether before or after listing);
- (d) if he/she, or his/her immediate family member, had provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting, and legal services), other than compensation for board service, in the current or immediate past financial year. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$50,000 should generally be deemed significant;

Principle 2: BOARD COMPOSITION AND GUIDANCE

Provision 2.1 of the Code:
Director independence

Provision 2.2 of the Code:
Independent directors make up a majority of the Board

Provision 2.3 of the Code:
Non-executive directors make up a majority of the Board

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- (e) If he/she, or his/her immediate family member, in the current or immediate past financial year, is or was a substantial shareholder/partner (with stake of 5% or more)/ an executive officer/a director of any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question; or
- (f) if he/she is or has been directly associated with a substantial shareholder of the Company, in the current or immediate past financial year.

The above examples are not exhaustive and the NRC and Board would determine whether there is any circumstances or relationships which might impact a director's independence, or the perception of his/her independence. The NRC and Board may still consider a director to be independent notwithstanding the existence of any of the above-mentioned circumstances. If the Board does so, it will fully disclose the nature of the director's relationship and why the Board has determined the director to be independent.

An independent director shall immediately disclose to the NRC and/or company secretary any relationship (whether familial, business, financial, employment or otherwise) with the Company, its related corporations, substantial shareholders or officers, or circumstances that could interfere, or be reasonably perceived to interfere, with his/her independent judgement.

The NRC and the Board have reviewed and ascertained that all independent directors are independent according to the Code and its Practice Guidance and the Catalist Rules and noted that none of the independent directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the independent director's independent judgement.

The NRC is of the view that no individual or small groups of individuals dominate the Board's decision-making processes. All matters put forth to the Board for decision need majority of the directors to approve.

Board Diversity

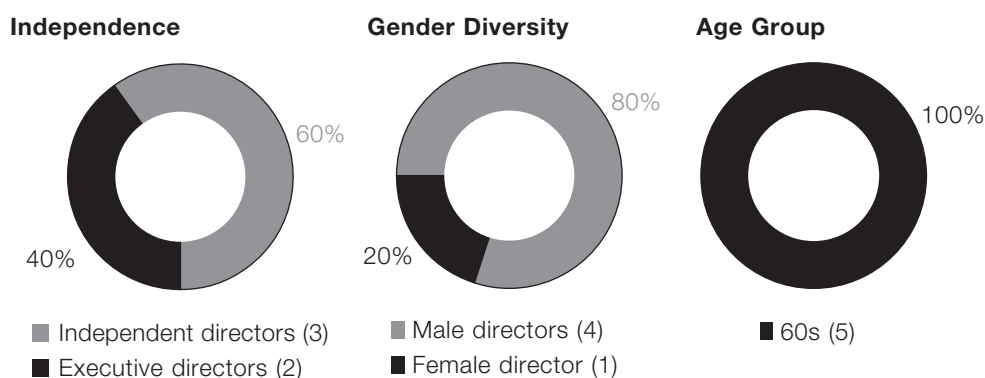
The Company recognises that a diverse Board can better support the Company's sustainable development by enhancing the decision-making process of the Board through perspectives derived from the different skills, experience and other aspects of diversity (such as gender and age) of the directors, as well as an expanded network to new markets, partnerships and opportunities.

Provision 2.4 of the Code:
Size and composition of the Board and Board Committee; Board diversity policy

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In compliance with Rule 710A(1) of the Catalist Rules, the Company has a Board Diversity Policy (“BDP”) in place that set out the framework for promoting diversity on the Board in terms of gender, age, educational background, skills, professional experience, knowledge and other relevant aspects. The BDP provides that the NRC shall consider all aspects of diversity when reviewing and assessing the composition of the Board and when making recommendations to the Board for the appointment of directors. The ultimate decision for new Board appointment(s) will be based on merits of the selected candidate, the needs of the Board (having due regard for the benefits of diversity on the Board) and the potential contributions that the selected candidate will bring to the Board and the Company. The Company will ensure that at least 2 directors (including the ARC chairman) have recent and relevant accounting or related financial management expertise or experience.

Board Composition, Diversity and Balance



The NRC has put in place a skills matrix to help identify gaps in the Board and Board Committees. In the skills matrix, the skills, experience and knowledge expected of the directors are classified into broad categories, namely business, regulatory, finance, information technology and other functions. Other aspects of diversity (such as age, gender, qualification and educational background) are included in the skills matrix for the NRC and the Board to evaluate with ease the current Board make-up in relation to the BDP and the Company’s business strategies and needs.

The following table shows the diversity of skills, experience and knowledge possessed by the current Board members:

Core competencies	Number of directors (Total: 5)	Proportion of Board %
Accounting and finance	4	80
Business management	5	100
Regulatory compliance and corporate governance	5	100
Relevant industry knowledge or experience	2	40
Strategic planning	5	100
Customer experience	3	60

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The Board and Board Committees have an appropriate balance and mix of skills, knowledge and experience. All directors of the Company have individually more than 30 years of professional and/or corporate experience, working with employers and clients spanning diverse industries and backgrounds, enabling them to provide diverse and objective perspectives on the Group's business and direction. The NRC will continue to assess on an annual basis the skillsets of the directors to ensure that their skillsets remain relevant to the business of the Group. Profiles of the directors are set out in the 'Board of Directors' section of Annual Report 2023.

Having considered the scope and nature of operations of the Group, the Board is satisfied that the current size and composition of the Board and Board Committees are appropriate for effective decision-making which support the Company's sustainable development.

Diversity Targets and Progress for FY2023

Targets	Progress
Expand/enhance the Board skill set which support the Company's sustainable development	<p>In progress – The Board would conduct regular reviews on its members' competencies, which includes considering factors such as the expertise, skills and experience, so as to ensure that the Board dynamics remain optimal to meet ongoing challenges and exploit opportunities swiftly in the medical skincare sector in Singapore and China. The following steps would be taken to maintain or enhance the Board's balance of skillsets and diversity:</p> <ul style="list-style-type: none"> a) Annual review by the NRC to assess if the existing attributes and core competencies of the Board are complementary and whether they are adequate and relevant to business strategy and needs of the Company; and b) Annual evaluation of the skillsets of each director to understand the type of expertise which is lacking in the Board. <p>Although there is no immediate need to appoint new directors or replace existing directors, the Board would take progressive steps to review and consider opportunities to refresh the Board as and when deemed necessary. Such review shall be made in the context of the Company's current plans and future strategies.</p>

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Targets	Progress
Female representation on the Board	Achieved – The Board is newly formed in FY2023 and female representation of 20% on the Board is appropriate for the current size of the Board and business scope of the Company. Nevertheless, taking into consideration the Council for Board Diversity’s recommendation for female representation on boards (25% by 2025; and 30% by 2030), the NRC shall ensure that there is no overt and covert discrimination and no impediments to the Board considering female candidates for appointment to the Board in future.
Independent majority on the Board	Achieved – 60% of the directors are independent. As the chairman of the Board is not independent, a lead independent director is appointed. To enhance his standing in the Board, the lead independent director is also appointed as the deputy chairman of the Board.
Improvement of age diversity	In progress – As the Company is newly listed and with management focusing on driving growth, the Board is of the view that it is important for the Board to comprise members who have vast corporate experience with core competencies in corporate governance and regulatory compliance. Naturally, the more experienced candidates would be older. The Board would improve its age diversity in due course and targets to appoint at least 1 director below the age of 50 by 2032.

The benefits of Board diversity could only be fully realised if directors adopt an independent mindset when carrying out their responsibilities. In this aspect, the Chairman and CEO strive to foster a culture of inclusion where different views are heard, respected and leveraged on for board performance and positive outcomes.

The NRC will continue to review the BDP to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. Any updates or progress made towards implementing the BDP will be disclosed in the Company’s Corporate Governance Report, as appropriate.

To facilitate a more effective check on management, the independent directors will meet at least once a year with the internal and external auditors without the presence of management. The independent directors would also communicate with each other from time to time without the presence of management to discuss the performance of management and any matters of concern. Feedback arising from such meetings or discussions would be provided by the Lead Independent Director to the Board and/or Chairman and CEO as appropriate.

Provision 2.5 of the Code:

Independent directors meet regularly without the presence of management

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There is a clear division of responsibilities between the leadership of the Board and the management, and no one individual has unfettered powers of decision making.

Mr Cheng Shoong Tat is the Chairman and CEO of the Company. As Chairman, Mr Cheng's responsibilities include:

- Leading the Board to ensure its effectiveness on all aspects of its role;
- Setting the agenda and ensuring that adequate time is available for discussion on all agenda items, in particular strategic issues;
- Ensuring effective communication between the Board and shareholders and other stakeholders;
- Ensuring appropriate relations within the Board and between the Board and management and promoting a culture of openness and constructive debate at the Board;
- Exercising control over the quality; quantity and timeliness of the flow of information between management and the Board; and
- Promoting high standards of corporate governance.

As CEO, Mr Cheng is responsible for the overall management, strategic planning and business development of the Group.

The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman and the CEO are the same person, as Mr Cheng is knowledgeable in the business of the Group and can provide the Group with a strong and consistent leadership, to allow for more effective planning and execution of business strategies. This is also taking into account the current corporate structure, size and nature of the Group's operations; and that the majority of the Board members and all Board Committees members are independent directors. Further, the appointment of Mr Mark Andrew Yeo Kah Chong as the lead independent director ("**Lead ID**") and Deputy Chairman enhanced the independent element of the Board. The Lead ID serves as a sounding board for the Chairman and as an intermediary between the independent directors and the Chairman. The Lead ID is available to shareholders should they have concerns which they prefer not to raise through the normal communication channels of the chairman and management. No query or request on any matter which requires the Lead ID's attention was received from shareholders during FY2023 and up to the date of this report.

All major proposals and decisions made by the Chairman and CEO are discussed, reviewed and approved by the Board. In addition, the performance and effectiveness of Mr Cheng as Chairman and as CEO will be reviewed periodically and separately by the NRC, which will also assess the need for separate persons to take on the roles of Chairman and CEO from time to time and make its recommendations when necessary. There are thus sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence.

**Principle 3:
CHAIRMAN AND CHIEF
EXECUTIVE OFFICER**

Provision 3.1 of the Code:
Chairman and CEO are separate persons

Provision 3.2 of the Code:
Division of responsibilities between Chairman and CEO

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As the Chairman is part of management and therefore not independent, Mr Mark Andrew Yeo Kah Chong has been appointed as the Lead ID on 27 September 2023, as recommended by the Code. To enhance his standing on the Board, Mr Yeo is also appointed as the Deputy Chairman of the Board. His responsibilities include:

Provision 3.3 of the Code:
Lead independent director

- coordinating and leading the independent directors to provide a non-executive perspective in certain matters and to provide leadership in situations where the Chairman and CEO is conflicted;
- chairing board meetings in the absence of the Chairman;
- leading meetings with the independent directors (without the presence of management) and providing feedback to the Chairman after such meetings; and
- acting as principal liaison to address shareholders' concerns and for which contact through the normal channels of communication with management (including executive directors) are inappropriate or inadequate.

Lead ID, Mr Yeo, can be contacted directly via the Company's whistleblowing email: whistle@nikspro.com. No query or request on any matter which requires the Lead ID's attention was received from any stakeholder during FY2023 and up to the date of this report.

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

**Principle 4:
BOARD MEMBERSHIP**

The NRC comprise 3 independent directors, including the lead independent director.

Provision 4.1 of the Code:

The NRC's responsibilities, as set out in its terms of reference, include the following:

NC to make recommendations to the Board on relevant matters

- Developing and maintaining a formal process for the selection, appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board;
- Assessing the effectiveness of the Board, Board Committees and individual contributions by each individual director;
- Reviewing and making recommendations to the Board relating to matters such as:
 - succession plans for directors and executive officers;
 - process and criteria for evaluation of the performance of the Board, Board Committees and directors;
 - training and professional development programmes for the directors;
 - appointment and re-appointment of directors;
 - composition of the Board to ensure that the Board is of appropriate size, has an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity; and
 - reasonable and maximum number of listed company directorship and principal commitments for each director (or type of director).
- Determining annually, and as and when circumstances require, whether or not a director is independent in accordance with the Code and its practice guidance, the Catalist Rules and any other salient factors;
- Setting the objectives for achieving board diversity and reviewing the Company's progress towards achieving these objectives; and
- Reviewing and approving any new employment of related employees (being employees who are related to the directors, executive officers and/or substantial shareholders) and the proposed terms of employment.

Provision 4.2 of the Code:
Composition of NC

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The NRC will conduct an annual review of the size of the Board and Board Committees, balance of skills, knowledge, experience and other aspects of diversity such as gender and age, to determine whether any changes are required in relation to the Board composition.

Provision 4.3 of the Code:
Process for the selection, appointment and re-appointment of directors

Process for the Selection and Appointment of New Directors		
1	Determine selection criteria	The NRC, in consultation with the Board, identifies the needs of the Board in terms of directors' skillsets and experience.
2	Search for suitable candidates	Candidates would first be sourced through the directors' and/or key management personnels' network of contacts and referrals. The NRC may engage a talent acquisition firm, if necessary.
3	Assess shortlisted candidates	Suitable candidates would be shortlisted for interview by the NRC and for assessment for suitability as director of the Company.
4	Appoint candidate as director	The NRC would recommend the selected candidate to the Board for consideration and approval.

Process for the Re-Election of Directors		
1	Assess director	The NRC assesses the performance of the director and ensures that he/she is able to contribute to the ongoing effectiveness of the Board.
2	Re-appoint director	The NRC would recommend the re-appointment of the director to the Board for consideration and approval

In recommending to the Board on appointment and re-appointment of directors, the NRC will consider the following factors:

- Needs of the Group, Board diversity policy, competencies and experience of the candidate and his/her commitment, contribution and performance as director of the Company, an officer of other companies and/or a professional in his/her area of expertise;
- Number of public listed company directorships and other principal commitments held by the candidate;
- Whether the candidate served on the Board of a company with adverse track record or a history of irregularities or is/was under investigation by regulators and the candidate's involvement therein;
- Whether the candidate is a fit and proper person (in accordance with the MAS' fit and proper guidelines as a reference point), which broadly considers the candidate's competence, honesty, integrity and financial soundness; and
- Independence of the candidate (for independent directors) with regard to the provisions in Catalist Rule 406(3)(d) and Provision 2.1 of the Code.

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The Constitution of the Company provides that:

- One-third of the directors, or if their number is not a multiple of 3, the number nearest to but not less than one-third with a minimum of 1, shall retire from office and subject themselves to re-election by the shareholders at each Annual General Meeting (“AGM”) (Regulation 117);
- The directors to retire at each AGM shall be those who have been longest serving in office since their last re-election or appointment (Regulation 118); and
- New directors appointed during the year but not appointed in a general meeting, either to fill a vacancy or as an additional director, shall hold office only until the next AGM and shall then be eligible for re-election. Retirement in this circumstance shall not be taken into account in determining the number of directors who are to retire by rotation at each AGM under Regulation 117 (Regulation 122).

Each member of the NRC shall abstain from making any recommendations and/or voting on any resolutions in respect to his re-nomination as a director.

Pursuant to the Company’s Constitution, the following directors will be retiring from the Board at the forthcoming AGM and, being eligible for re-election, have offered themselves for re-election:

- Mr Cheng Shoong Tat
- Mr Mark Andrew Yeo Kah Chong (Appointed on 27 September 2023)
- Mr Manu Bhaskaran (Appointed on 27 September 2023)
- Mr Tan Teck Huat (Appointed on 27 September 2023)

The NRC, having considered various factors (such as competence and experience of directors) and directors’ contribution and participation during discussions and at the Board and Board committee meetings, has recommended their re-election at the forthcoming AGM. The Board has concurred with the NRC’s recommendation.

The details of the directors who are seeking re-election are set out in the ‘Disclosure of Information on Directors Seeking Re-Election’ section of Annual Report 2023 as required under Rule 720(5) of the Catalist Rules.

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the directors. Each independent director is required annually to complete a checklist to confirm his independence. Furthermore, an independent director shall immediately disclose to the NRC and/or company secretary any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company.

Provision 4.4 of the Code:
Circumstances affecting director’s independence

As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the Code which put the independence of the independent directors in question. The NRC is of the view that the independent directors are independent.

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To address the issue of competing time commitments faced by the directors, the Board and the NRC have established a guideline for multiple directorships as follows:

Type of directors	Maximum number of listed company directorships and other principal commitments allowed
Executive director	3
Non-executive director who is an executive director of another listed company	3
Non-executive director with full-time employment	5
Non-executive director without full-time employment	8

Provision 4.5 of the Code:

Multiple listed company directorships and other principal commitments

In addition, a director shall only assume not more than 1 executive directorship in a listed company at any point in time.

The above guideline is reviewed by the NRC annually. The NRC requires each director to declare changes in listed company directorships or other principal commitments as soon as possible to enable the on-going monitoring of the commitment of the directors to the Company.

In addition to the number of listed company directorships and other principal commitments, the NRC also consider the results of the annual evaluation of each director's effectiveness and the respective directors' candour and participation during discussions and Board and Board Committee meetings to determine whether the director is able to discharge his duties diligently.

The number of listed company directorships and other principal commitments held by each director is within the maximum limits stipulated. Notably, the executive directors do not hold directorship in other listed companies and do not have other principal commitments.

In respect of FY2023, the NRC is of the view that the listed company directorships and other principal commitments held by the independent directors did not impede their ability to discharge their duties to the Company diligently. Please refer to the 'Board of Directors' section of Annual Report 2023 for the listed company directorships and other principal commitments of the independent directors.

Alternate directors would only be appointed in exceptional circumstances. No alternate director has been appointed to the Board during FY2023 and as at the date of this report.

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The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

**Principle 5:
BOARD
PERFORMANCE**

The NRC would assess the effectiveness of the Board and Board Committees and the contribution by each director annually using evaluation checklists. Directors' responses in the evaluation checklists would be consolidated by the company secretary and summarised into a report that is to be reviewed by the NRC and tabled to the Board. The Chairman will act on the results of the performance evaluation and the recommendation of the NRC, and where appropriate, in consultation with the NRC, new members may be appointed or resignation of directors may be sought.

Provisions 5.1 and 5.2 of the Code:
Assessment of effectiveness of the Board and Board Committees and assessing the contribution by the chairman and each director

In assessing the Board's and Board Committees' effectiveness, the NRC would consider factors such as:

- Board's and Board Committees' composition, including balance of skills;
- Board's and Board Committees' practices and conduct, including flow of information, communication with the shareholders and management and how the Chairman and CEO and Board Committees' chairpersons provide effective leadership to the Board and Board Committees respectively;
- Board's contribution to formulation of strategies and in ensuring effective risk management and consideration of EESG factors; and
- Board Committees' contribution in facilitating effective and efficient decision-making by the Board.

In assessing the contribution by each director, the NRC would consider factors such as:

- Commitment demonstrated by each director, including attendance at Board and Board Committees meetings and how well each director prepares for meetings;
- Willingness and ability to constructively challenge and contribute effectively in discussions;
- Technical and business knowledge; and
- Interaction with fellow directors and management.

Where appropriate, the NRC will review and make changes to the evaluation checklists to align with prevailing regulations and requirements.

Each member of the NRC shall abstain from deliberating and voting on any resolutions in respect of the assessment of his/her performance or re-nomination as director.

The Company was newly listed on 27 October 2023 and the interaction/engagement between the directors post-listing is not enough for insightful performance evaluation to be conducted. As such, the NRC will review the performance of each director, Board Committees and the Board as a whole starting from the year ending 31 December 2024. The evaluation results would be tabled in the NRC meeting in February 2025 and conclusions would be disclosed in the next corporate governance report.

Although no external independent facilitator is expected to be engaged for performance evaluation, the NRC has full authority to do so at the Company's expense, if the need arises.

■ CORPORATE GOVERNANCE REPORT FY2023

REMUNERATION MATTERS

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The NRC comprises all 3 independent directors of the Company.

Provision 6.1 of the Code:

The NRC's responsibilities, as set out in its terms of reference, include the following:

RC to recommend remuneration framework and packages

- Review and recommend to the Board for approval a framework of remuneration for the directors and executive officers and ensure that a significant and appropriate proportion of the remuneration is structured so as to link rewards to corporate and individual performance and thus, avoid rewarding poor performance;
- Review annually the remuneration, bonuses, pay increase and/or promotions of related employees (being employees who are related to the directors, executive officers and/or substantial shareholders) to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- Ensure that the remuneration of the non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities;
- Review annually the remuneration packages of the directors and executive officers in order to maintain the attractiveness of the remuneration packages so as to retain and motivate the directors and executive officers and align their interests with the interests of the shareholders and other stakeholders and promote long-term success of the Group;
- Propose, for adoption by the Board, measurable, appropriate and meaningful performance targets for assessing the performance of key management personnel, individual directors and of the Board as a whole;
- Review the remuneration policies, level and mix of remuneration, the procedures for setting remuneration, and the relationships between remuneration, performance and value creation and ensure the mentioned aspects of remuneration are clearly disclosed in the annual report;
- Review the Company's obligations arising in the event of termination of service contracts entered into between the Group and the directors and executive officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous; and
- If necessary, seek expert advice outside the Group on remuneration matters and ensure that relationships between the Company and its appointed expert (for example, remuneration consultants) will not affect the independence and objectivity of the expert.

Provision 6.2 of the Code:

Composition of RC

The recommendations of the NRC shall be submitted for endorsement by the Board. Each NRC member/board member shall abstain from reviewing, deliberating and voting on any resolution in respect of his/her remuneration package or that of any employees who are related to him/her.

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The NRC ensures that formal and transparent procedures for determination of remuneration packages of directors and key management personnel are in place. All aspects of remuneration (including director's fees, salaries, allowances, bonuses, share-based compensation, benefits in kind and termination terms) of directors and key management personnel (including employees who have family relationship with any director and/or substantial shareholder) are reviewed for fairness by the NRC annually. Recommendations of the NRC are then tabled at Board meeting for approval. The above procedures are reviewed periodically to ensure that they remain relevant.

Provision 6.3 of the Code:
RC to consider and ensure all aspects of remuneration are fair

Employment contracts signed between the Company and the executive directors and key management personnel can be terminated by the Company without prejudice by providing notice no shorter than 2 to 6 months. These employment contracts do not contain onerous termination clauses and are reviewed periodically.

The independent directors receive directors' fees in accordance with their contributions and considering factors such as effort and time spent and their responsibilities. The directors' fees are recommended by the NRC and endorsed by the Board for approval by the shareholders at the Company's AGM.

The NRC members are familiar with remuneration matters as they hold/held key executive positions with remuneration responsibilities, and they are regularly updated of market practices. During FY2023 and up to the date of this report, the Company did not engage any remuneration consultant to seek advice on remuneration matters.

Provision 6.4 of the Code:
Expert advice on remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

**Principle 7:
LEVEL AND MIX OF
REMUNERATION**

Remuneration of executive directors and key management personnel comprise fixed components, including salaries and allowances, and a variable component. Discretionary bonuses (if any) are determined based on the individual's performance, the Group's performance for each financial year against key performance indicators on revenue and profit targets, as well as other factors such as market conditions. Their remuneration is linked to their roles and responsibilities and aligned with shareholders' and other stakeholders' interests to promote long-term success of the Group. The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the directors and the key management personnel of the required experience and expertise.

Provisions 7.1 and 7.3 of the Code:
Remuneration of executive directors and key management personnel are appropriately structured to encourage good stewardship and promote long-term success of the Company

EESG factors are considered in formulation of business strategies and plans from time to time since the Group began operations. Given that a strong culture of sustainable development is in place in the Group, the NRC believes that it is not a priority yet for remuneration policies of executive directors and key management personnel to take into account of sustainability performance in order to encourage sustainable behaviour. However, the NRC has discretion to make recommendations to address any management's failure to consider and manage EESG and ethical factors that resulted in significant adverse impact on the Group and/or its key stakeholders.

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Contractual Provision to Reclaim Incentive Components of Remuneration

Having reviewed the variable component in the remuneration packages of the executive directors and key management personnel, the NRC is of the view that it is not necessary to institute contractual provisions to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The NRC believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events.

Long-Term Incentive Scheme

The Board and NRC recognises that long-term incentive schemes reinforce the delivery of long-term growth and shareholders' value and recommended the NIKS Employee Share Option Scheme ("**NIKS ESOP 2023**") and NIKS Performance Share Plan ("**NIKS PSP 2023**"). These schemes were approved by the shareholders on 13 October 2023 and provide directors and employees with the opportunity to participate in the equity of the Company to motivate them towards better work performance. Details of the above schemes are set out in disclosures under Provision 8.3 of this report.

The independent directors are paid directors' fees which take into consideration of their contribution, effort, time spent and responsibilities. They are not overly remunerated to the extent that their independence may be compromised.

The independent directors are remunerated according to the following structure:

Fee per year as:	Board S\$	ARC S\$	NRC S\$
Chairman	–	2,000	2,000
Lead independent director (" Lead ID ")	2,000	–	–
Member	16,000	10,000	10,000

Provision 7.2 of the Code:

Remuneration of non-executive directors dependent on contribution, effort, time spent and responsibilities

Each independent director receives a base director's fee. The Lead ID and chairmen of Board Committees receive additional fees to reflect their expanded responsibility. However, such additional fee is not substantial as candour and participation in discussions and decision-making by each independent director is not expected to differ materially, taking into consideration of their competencies and experience.

Breakdown of directors' fee for FY2023 is as follows:

Name of independent directors	Board/Board Committees appointments	Annual directors' fees based on fee structure S\$	FY2023 S\$
Mark Andrew Yeo Kah Chong	Lead ID ARC Chairman NRC member	40,000	20,000
Manu Bhaskaran	NRC Chairman ARC member	38,000	19,000
Tan Teck Huat	ARC/NRC member	36,000	18,000

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For FY2023, the NRC had recommended to the Board an amount of S\$57,000 as directors' fees to be paid to the independent directors, taking into consideration of the time and effort expended by the independent directors to understand the Company's business, attend meetings and review documentation in relation to the Company's listing on Catalist of the SGX-ST in October 2023. The Board had concurred with the NRC's recommendation. These recommendations will be tabled for shareholders' approval at the Company's forthcoming AGM. Each of the NRC/Board members had abstained from deliberating and voting on his/her own remuneration.

On 13 October 2023, the Company adopted the NIKS ESOP 2023 and NIKS PSP 2023 which independent directors can participate in. As at the date of this report, no grant of options and awards was made to any independent director.

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A separate annual remuneration report is not prepared as the matters which need to be disclosed in such annual remuneration report have been sufficiently disclosed in this report and in the financial statements of the Company.

Directors' Remuneration

The remuneration of each director and the Chairman and CEO for FY2023, including the breakdowns in absolute amounts and in percentage terms of the components of the remuneration, are set out below:

Name of director	Fixed salary and allowance (S\$'000)	Performance bonus (S\$'000)	CPF (Employer's portion) (S\$'000)	Directors' fee (S\$'000)	Total (S\$'000)
Cheng Shoong Tat	663.5	84.0	13.5	–	761.0
Mark Andrew Yeo Kah Chong	–	–	–	20.0	20.0
Ong Fung Chin	663.5	84.0	13.5	–	761.0
Manu Bhaskaran	–	–	–	19.0	19.0
Tan Teck Huat	–	–	–	18.0	18.0

Name of director	Fixed salary and allowance (%)	Performance bonus (%)	CPF (Employer's portion) (%)	Directors' fee (%)	Total (%)
Cheng Shoong Tat	87.2	11.0	1.8	–	100.0
Mark Andrew Yeo Kah Chong	–	–	–	100.0	100.0
Ong Fung Chin	87.2	11.0	1.8	–	100.0
Manu Bhaskaran	–	–	–	100.0	100.0
Tan Teck Huat	–	–	–	100.0	100.0

Principle 8: DISCLOSURE ON REMUNERATION

Provisions 8.1 and 8.3 of the Code:

Remuneration disclosures of Directors and key management personnel; Details of employee share schemes

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Service Agreement of Executive Directors

The service agreements entered into between the Company and the executive directors are for an initial period of 3 years commencing with effect from the Company's listing date (i.e. 27 October 2023) and shall be automatically renewed on a yearly basis unless otherwise agreed in writing between the parties to the respective service agreements or terminated by either party to the respective service agreements by giving notice in writing of not less than 6 months to the other party.

Pursuant to the terms of the service agreements, each executive director shall receive a monthly fixed remuneration and car allowance. Each executive director is also entitled to an annual performance bonus in respect of each financial year based on the audited consolidated profit before tax (excluding fair value gain or loss to properties and securities, profit before tax attributable to non-controlling interest, any non-recurring exceptional items and accrual for directors' performance bonus) ("**Adjusted PBT**") as set out below:

Adjusted PBT	Amount of performance bonus
S\$3.0 million or below	NIL
Above S\$3.0 million and up to S\$5.0 million	3.5% of Adjusted PBT
Above S\$5.0 million	3.5% of S\$5.0 million, plus 4.0% of Adjusted PBT in excess of S\$5.0 million

Key Management Personnel's Remuneration

In view of confidentiality of remuneration policies of the Group, sensitive nature of remuneration matters and competitive pressures in the talent market, the Board is of the view that it is in the best interest of the Company to disclose the remuneration of its key management personnel in salary bands.

A breakdown showing the band and mix of each of the key management personnel's remuneration for FY2023 is as follows:

Remuneration band and name/designation of key management personnel⁽¹⁾	Fixed salary (%)	Variable or performance-related bonus (%)	CPF (Employer's portion) (%)	Total (%)
Less than or equal to S\$250,000:				
Wu Peicong ⁽²⁾ Chief Financial Officer	83.7	7.3	9.0	100.0
Ong Huey Jwu General Manager (Singapore)	85.3	7.1	7.6	100.0
Anbhu Selvam Senior Accounting Manager	78.1	7.8	14.1	100.0

Notes:

- (1) Given the size of the Group's operations, the abovenamed executive officers are the only key management personnel of the Group, excluding the executive directors.
- (2) Mr Wu joined the Company in May 2023.

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The total remuneration paid to the abovenamed key management personnel of the Group (who are not directors or the CEO of the Company) for FY2023 amounted to S\$410,000.

The above remuneration to executive directors and executive officers for FY2023 has been approved by the Board.

During FY2023, no termination and post-employment benefits were granted to the directors, the CEO and the key management personnel.

Except as disclosed in this report, no other payments and benefits were paid by the Company and its subsidiaries to the directors and key management personnel of the Company for FY2023.

Annual Total Remuneration Ratio

The annual total remuneration ratio for FY2023 and FY2022 are 5.4 and 4.9 respectively. This ratio is calculated using the following formula:

$$\frac{\text{Annual total remuneration for the Group's highest-paid individual}}{\text{Median annual total remuneration for all employees of the Group excluding the highest-paid individual}}$$

Note:

2 executive directors are the highest-paid individuals of the Company who were equally remunerated during FY2023 and FY2022. For the above computation, annual remuneration for 1 executive director is used as the numerator and 2 executive directors are excluded when deriving the median annual total remuneration of all employees.

The above ratio is higher for FY2023 compared to FY2022 by 9.8% mainly because the remuneration of the next highest-paid employee of the Group, which was mainly performance-based, was lower during FY2023, resulting in a lower median annual salary for the Group in FY2023. During FY2023, there was no significant fluctuation in the fixed remuneration of all employees of the Group.

NIKS ESOP 2023 and NIKS PSP 2023

The NIKS ESOP 2023 and the NIKS PSP 2023 of the Company were approved and adopted by the shareholders via shareholders' resolutions by written means on 13 October 2023 and are administered by the NRC of the Company.

The aggregate number of shares which may be issued or transferred pursuant to options and awards granted under the above schemes on any date, when aggregated with the aggregate number of shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed 15.0% of the total number of issued shares excluding treasury shares and subsidiary holdings (if any) on the day preceding that date.

Key information about NIKS ESOP 2023 and NIKS PSP 2023 are disclosed below. Full details can be found in the Company's offer document dated 18 October 2023 (Page 169 to 193, Appendix I and Appendix J).

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NIKS ESOP 2023

The objectives of NIKS ESOP 2023 are as follow:

- (a) to motivate participants to optimise his/her performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of, the Group;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders; and
- (e) to align the interests of participants with the interests of the shareholders.

The purpose of adopting NIKS ESOP 2023 in addition to NIKS PSP 2023 is to give the Company greater flexibility to align the interests of employees, especially key executives, with interests of the shareholders.

Information in relation to NIKS ESOP 2023 are as follow:

- All employees (including executive directors), non-executive directors and controlling shareholders and their associates shall be eligible to participate in the scheme at the absolute discretion of the NRC, subject to conditions.
- The exercise price of the options can be set at a maximum discount of 20.0% (or such other discount percentage or amount as may be determined by the NRC) of the average last dealt prices for the Company's shares on the SGX-ST over the 5 consecutive trading days immediately preceding the date of grant of the options.

As at the date of this report, no option has been granted under NIKS ESOP 2023.

NIKS PSP 2023

The objectives of NIKS PSP 2023 are as follows:

- (a) to provide an opportunity for participants of NIKS PSP 2023 to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;
- (b) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and
- (d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

Information in relation to NIKS PSP 2023 are as follow:

- All employees (including executive directors), non-executive directors and controlling shareholders and their associates shall be eligible to participate in the scheme at the absolute discretion of the NRC, subject to conditions.
- Awards represent the right of a participant to receive fully-paid shares free of charge, upon satisfying performance conditions (determined at the discretion of the NRC) which may be time-based or performance-related.

As at the date of this report, no award has been granted under NIKS PSP 2023.

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The following employees are substantial shareholders or an immediate family member of a director and substantial shareholder of the Company and whose remuneration exceeded S\$100,000 during FY2023:

Provision 8.2 of the Code:
Remuneration disclosure of related employees

Name of related employee	Designation in the Company	Relationship
Above S\$100,000 and up to S\$200,000:		
Ong Huey Jwu	General Manager (Singapore) (since January 2020).	Sister and sister-in-law of Dr Ong Fung Chin and Mr Cheng Shoong Tat respectively

ACCOUNTABILITY AND AUDIT

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

**Principle 9:
RISK MANAGEMENT
AND INTERNAL
CONTROLS**

One of the Board's principal duties is to protect and enhance the long-term value and returns to the shareholders of the Company. The accountability of the Board to the shareholders is demonstrated through the presentation of the periodic financial statements as well as the announcement of significant corporate developments and activities in a timely manner so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

Provision 9.1 of the Code:
Board determines the nature and extent of significant risks

Management will present to the ARC the quarterly, half-yearly and full-year condensed interim financial statements ("**Interim FS**") for their review and recommendation to the Board for approval. The Board approves the Interim FS and authorises the release of the half-yearly and full-year Interim FS to the public via SGXNet.

Risk Management

Risk analysis and management is undertaken within the Group as a source of sustainable business benefit and competitive advantage. The Board had assessed and decided that the ARC (instead of a separate Board Risk Committee) shall oversee the Group's risk management framework and policies. The ARC assists the Board in providing oversight of risk management in the Company. The ARC is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance (including sanctions-related risks) and information technology controls and report to the Board its observations on the matters as it considers necessary and makes recommendations to the Board.

The Company has in place an enterprise risk management ("**ERM**") framework which includes a set of processes to ensure that the Group is aware of, and attends to, current and emerging risks. Management is expected to constantly review the business operations and environment to identify significant risks and ensure that mitigating measures, including preventive, detective and corrective controls, are promptly implemented to address these risks. These significant risks and mitigating measures taken, together with the risk owners and action plans to address any gaps, are documented in a risk register.

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The ARC, with the assistance of the internal and external auditors, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance (including sanctions-related risks) and information technology controls.

During FY2023, the internal auditor, Mazars LLP, performed an internal control review of the Group's key business processes, for the purpose of the Company's listing on the SGX-ST, according to standards set out by the Institute of Internal Auditors on the system of internal controls and reported the findings to the ARC. The external auditor, Grant Thornton Audit LLP, has also, in the course of FY2023 statutory audit, gained or enhanced their understanding of the key internal accounting controls assessed to be relevant to the statutory audit. The ARC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audits.

Internal Controls

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the shareholders' interest and investments and the Group's assets. The internal controls measure also aim to ensure that proper accounting records are maintained and financial information to be used within the business and/or to be published are accurate and complete. The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. As such, the Company's risk management and internal controls systems are regularly evaluated and improved to ensure its relevance to the Company's operations.

Provision 9.2 of the Code:
Assurance from CEO, CFO and other key management personnel

The Board received assurance from the CEO and the Chief Financial Officer that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- the Group's risk management systems and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by management, various Board Committees and the Board, and the written assurance from the CEO and the Chief Financial Officer, the Board with the concurrence of the ARC, is of the opinion that the Group's internal controls, addressing key financial, operational, compliance (including sanctions-related risks) and information technology controls, and risk management systems were adequate and effective as at 31 December 2023. The Group will review its internal control systems and processes on an on-going basis and make further improvements when necessary.

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Sanctions-Related Risks

As a member of the United Nations, Singapore implements the resolutions passed by the United Nations Security Council (“**UNSC**”) through Singapore laws. Activities which contravene the decisions of the UNSC in their resolutions are prohibited.

The Group does not transact with any party in sanctioned nations. The Group does not have a physical presence in any sanctioned nation and no substantial shareholder, director or executive officer is located or incorporated in a sanctioned nation. Considering the above factors, the Company has minimal or no exposure to sanctions-related risks.

The Board and the ARC will continue to be responsible for: (i) monitoring the Company’s risk of becoming subject to, or violating any sanctions law; and (ii) ensuring accurate disclosures to the SGX-ST and other relevant authorities in a timely manner.

The Board has an AC which discharges its duties objectively.

The ARC comprises all 3 independent directors of the Company.

All members of the ARC, including the ARC Chairman, are appropriately qualified and have recent and relevant accounting or related financial management expertise and experience. They are not former partners or directors of the Company’s auditing firm, Grant Thornton Audit LLP, and do not hold any financial interest in the firm.

During FY2023, the ARC conducted activities in line with its term of reference and its statutory duties prescribed under Section 201B(5) of the Companies Act.

The ARC’s responsibilities, as set out in its terms of reference, include the following

- review the relevance and consistency of accounting standards, the significant reporting issues, recommendations and judgements made by external auditors so as to ensure the integrity of the financial statements of the Group;
- review with the external auditors:
 - the audit plan;
 - their evaluation of the system of internal accounting controls and effectiveness of the Company’s audit function;
 - significant financial reporting issues and judgements;
 - audit report issued by the external auditors; and
 - management letter issued by the external auditors and management’s response;
- review the periodic financial statements of the Group including the half year and full year interim financial statements before submission to the Board for approval;
- review the assurance for the Chairman and CEO and the Chief Financial Officer on the financial records and financial statements of the Group;
- meet with the internal auditors and external auditors at least annually without the presence of management and review the co-operation given by management to the auditors;
- consider the independence and objectivity of external auditors annually and the aggregate amount of fees paid to the external auditors and a breakdown of the fees paid for audit and non-audit services;
- consider and recommend to the Board, the appointment/re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

Principle 10: AUDIT COMMITTEE

Provision 10.1 of the Code:

Duties of AC

Provision 10.2 of the Code:

Composition of AC

Provision 10.3 of the Code:

AC does not comprise former partners or directors of the Company’s auditing firm

■ CORPORATE GOVERNANCE REPORT FY2023

- review and report to the Board at least annually on the effectiveness and adequacy of the Company’s risk management and internal controls, including financial, operational, compliance and information technology controls (such review to be carried out internally or with the assistance of any competent third parties);
- review the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- review the internal audit plan and report, adequacy, effectiveness and independence of the internal audit function and monitor management’s responsiveness to the internal audit findings and recommendation;
- review the appointment, removal, evaluation and compensation of the internal audit function;
- review interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- review policies and arrangements for concerns about possible improprieties in financial reporting and other matters to be safely raised, ensure that such policies and arrangements continue to be in place for independent investigation and appropriate follow-up, and ensure that the Group publicly discloses, and clearly communicates, to employees the existence of a whistle-blowing policy and the procedures for raising such concerns;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising;
- monitor the implementation of a policy and procedures for sustainability reporting; and
- undertake such other functions and duties as may be required by statute, the Catalist Rules or as recommended by the Code.

The ARC is authorised to investigate any matter within its terms of reference, and has full access to, and co-operation of, management. The ARC has full discretion to invite any director, key management personnel or employee to attend its meetings and has access to reasonable resources, including independent professional advice, to enable it to discharge its functions.

The ARC shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any rules or regulations which has or is likely to have a material impact on the Group’s operating results and/or financial position.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of external auditor. The aggregate amount of fees paid/payable to the external auditor of the Company, Grant Thornton Audit LLP, for FY2023 are as follow:

External auditors	Audit fees S\$’000	Non-audit fees S\$’000
External auditors of the Company (Grant Thornton Audit LLP)	88	–
Other external auditors	5	–
Total	93	–

During FY2022 and FY2023, the Company paid S\$212,000 to Grant Thornton Audit LLP for audit-related services rendered as independent reporting accountants in relation to the Company’s listing on Catalist of the SGX-ST in October 2023.

■ CORPORATE GOVERNANCE REPORT FY2023

The ARC, having reviewed the scope and value of the audit and non-audit services provided by Grant Thornton Audit LLP, is satisfied that the independence and objectivity of Grant Thornton Audit LLP is not impaired.

In recommending the re-appointment of Grant Thornton Audit LLP as external auditor for the financial year ending 31 December 2024, the ARC considered the adequacy of their resources, training and quality control, experience of the engagement team and the firm as a whole and quality of work carried out by the external auditors.

In evaluating the performance of Grant Thornton Audit LLP, the ARC used the Audit Quality Indicators (“AQIs”) of the firm in the format and manner set out in ACRA’s AQIs Disclosure Framework to guide conversation with the firm on audit quality matters.

The Company has outsourced its internal audit function to Mazars LLP, a corporate member of the Institute of Internal Auditors Singapore. The primary reporting line of the internal auditors is to the ARC on any material non-compliance and internal control weaknesses identified in the course of audit. The appointment, removal, evaluation of the internal auditors and compensation to be paid to them is recommended by the ARC and approved by the Board.

The internal audit team have unrestricted access to the Company’s documents, records, properties and personnel. The internal audit team is staffed with personnel with relevant qualifications and experience and takes reference from the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors when performing their reviews. The engagement partner-in-charge has more than 20 years of internal audit experience. He manages a portfolio of outsourced internal audits of various listed companies and government bodies. The engagement team comprises of staff who are accountancy graduates with relevant professional certifications such as CA (Singapore), CPA, CIA and CISA. The ARC reviews the adequacy and effectiveness of the internal audit function at least once a year, and as and when the situation calls for it. The ARC is satisfied that the internal auditors is independent, effective, have adequate resources to perform its functions and have appropriate standing within the Group.

During FY2023, Mazars LLP performed an internal control review of the Group’s key business processes for the purpose of the Company’s listing on Catalist of the SGX-ST. Mazars LLP conducted a follow-up review of management’s implementation of audit recommendations and are satisfied that management has adequately addressed all points raised.

The internal audit plan for FY2024 and FY2025 was presented to the ARC in February 2024 and will be approved by the ARC. The internal review of sustainability reporting process were incorporated into the internal audit plan.

ARC meeting to discuss 2H 2023/FY2023 financial results convened in February 2024 was attended by the Chief Financial Officer, external auditors and internal auditors (for presentation of internal audit plan only). During this meeting, the ARC had a private session with the external auditors and internal auditors to discuss, amongst other matters, the conduct of external audit for FY2023.

The ARC endeavours to meet at least once a year with the external auditors and internal auditors without the presence of management so that any concern and/or issue can be raised directly and privately.

Provision 10.4 of the Code:

Primary reporting line of the internal audit function is to AC; Internal audit function has unfettered access to Company’s documents, records, properties and personnel

Provision 10.5 of the Code:

AC meets with the auditors without the presence of management annually

■ CORPORATE GOVERNANCE REPORT FY2023

SIGNIFICANT ACCOUNTING MATTERS

In the review of the financial statements for FY2023, the ARC discussed with management and the external auditors the significant accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements.

The following key audit matters were discussed between management and the external auditor and were reviewed by the ARC.

Key audit matters	How the matters were addressed by the ARC
Allowance for inventories obsolescence	The ARC considered management's approach, methodology and judgement applied when estimating the impairment allowance for slow-moving and obsolete inventories and considered the observation and findings presented by the external auditors with reference to the adequacy of allowance for impairment of inventories. The above provided the ARC with the assurance and the ARC concurred with management's conclusion that as at 31 December 2023, allowance for impairment of inventories was adequately made.

WHISTLE-BLOWING POLICY

The Company has in place a whistle-blowing policy and procedures for employees of the Group and other stakeholders to report serious concerns and possible corporate improprieties related to fraud, misconduct, governance or ethics directly to the Lead ID and chairman of the ARC (Email: whistle@nikspro.com). The ARC has been designated as the independent function responsible for oversight and monitoring of whistleblowing, as well as investigating reported concerns.

According to the Company's whistle-blowing policy, whistle-blowers shall be protected from reprisal and the identity of the whistle-blower and the concern raised would be kept confidential.

Concerns conveyed anonymously are difficult to justify and may hinder investigation. Accordingly, the Company will consider and decide if anonymous reports should be further investigated based on the individual merit of each circumstance. Whistleblowers are encouraged to provide their contact details so that clarifications could be sought during the course of investigation.

This policy is disseminated to employees of the Group and available on the Company's website (<https://nikspro.com/whistle-blowing-policy/>).

Since the Company's listing date on 27 October 2023 and up to the date of this report, no significant matter was raised through the Group's whistle-blowing channels.

■ CORPORATE GOVERNANCE REPORT FY2023

SHAREHOLDER RIGHTS AND ENGAGEMENT

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board ensures that the shareholders are treated fairly and equitably. All material information which would likely affect the price or value of the Company's shares shall be disclosed adequately and in a timely manner. Presentations to shareholders will be made available on SGXNet and the Company's website.

In presenting the Group's financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's financial performance and position and prospects.

The Company's principal form of dialogue with shareholders takes place at general meetings. Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. Notices of general meetings are dispatched to shareholders within the notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to shareholders and provide shareholders with the opportunity to voice their views and direct their questions to the Board.

All shareholders are entitled to vote in accordance with the established voting rules and procedures. The rules, including the voting process, will be explained by the scrutineers at such general meetings. The Company's Constitution permits a shareholder to appoint up to two (2) proxies to attend and vote in his stead at these meetings. Furthermore, the Company allows shareholders, which are relevant intermediaries to appoint more than two (2) proxies to attend and vote on their behalf at general meetings. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The Company will employ electronic polling, if necessary.

The Board notes that the best practice is to have separate resolutions on each substantially separate issue. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

Principle 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Provision 11.1 of the Code:

Company provides shareholders with the opportunity to participate effectively and vote at general meetings

Provision 11.2 of the Code:

Separate resolution on each substantially separate issue

■ CORPORATE GOVERNANCE REPORT FY2023

All directors and the relevant key management personnel shall attend general meetings to address shareholders' queries and receive feedback from shareholders.

Provision 11.3 of the Code:

All directors attend general meetings

The external auditor of the Company shall also be invited to attend the AGMs and shall assist in addressing shareholders' queries relating to the conduct of the audit and the preparation and content of the independent auditor's report.

The chairman of the general meeting will facilitate constructive dialogue between shareholders and the Board, management, external auditors and other relevant professionals.

The forthcoming AGM is the Company's first general meeting as an SGX-listed company.

The Company's Constitution does not permit voting in absentia except only by appointment of proxy. As the authenticity of shareholders' identity information and other related integrity issues still remain a concern, the Company has decided not to amend its Constitution for the time being to allow voting in absentia by mail or electronic means.

Provision 11.4 of the Code:

Company's Constitution allow for absentia voting of shareholders

Minutes of general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and the relevant key management personnel would be available to shareholders upon their written request.

Provision 11.5 of the Code:

Minutes of general meetings are published on the Company's corporate website as soon as practicable

The minutes of the forthcoming AGM would be posted on the SGXNet and the Company's corporate website within one month from the date of AGM.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividend of the Company's shares will depend on the amount of retained earnings and cash flow, actual and projected business and financial performance, projected levels of capital expenditure and other investment plans, work capital needs and general financial conditions, and other factors as the Board may deem appropriate.

Provision 11.6 of the Code:

Dividend policy

However, as disclosed on page 63 of the Company's offer document dated 18 October 2023, the directors intend to recommend and distribute dividend of not less than 50% of the Group's net profit attributable to owners ("**NPAT**") for FY2023 and not less than 40% of the Group's NPAT for FY2024 as a reward to shareholders for participating in the growth of the Group. This intended dividend recommendation may be subject to modification in the directors' sole and absolute discretion taking into account of factors stated above.

The Board has proposed a final dividend of S\$1,300,000 (Based on 1.0 Singapore cent per ordinary share), equivalent to 77% of the Group's NPAT for FY2023, to be approved in the forthcoming AGM.

■ CORPORATE GOVERNANCE REPORT FY2023

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company is committed to treating all shareholders fairly and equitably and keep all its shareholders and other stakeholders promptly informed of its corporate activities which would likely to materially affect the price or value of its shares. The Company does not practise selective disclosure. Information is mainly communicated to shareholders via SGXNet announcements and the Company's annual reports. Announcements released on the SGXNet include the half yearly and full year results, material transactions and other developments of the Group which require disclosure. Other announcements are also made on an ad-hoc basis where applicable as soon as possible.

The investor relations function is overseen by the Chairman and CEO who leads the Investor Relations team which comprises the executive directors and executive officers of the Company. The Investor Relations team takes an active role in communications with shareholders and the investment community to address their queries or concerns and to update them on the latest corporate development.

The Company has in place an investor relations policy which advocates the dissemination of relevant information to the Company's shareholders and prospective investors in a timely manner to enable them to make well-informed investment decisions and to ensure a level playing field. The Company's investor relations policy is available at the Company's website. The dedicated website link for investor relations is: www.nikspro.com/investor-relations/.

Shareholders and the investment community can contact the Company's Investor Relations team by telephone at +65 6294 1802 or email at ir@nikspro.com.

MANAGING STAKEHOLDERS RELATIONSHIPS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company endeavours to communicate effectively and regularly with our stakeholders. Our engagement with material stakeholder groups, including key area of focus and engagement channels, are disclosed in the 'Sustainability Report' which forms part of Annual Report 2023.

The Group seizes opportunities to engage our stakeholders and welcomes feedback on our sustainability report. The Company's Sustainability Committee, which comprise all executive directors and executive officers of the Company, can be contacted via email (ir@nikspro.com).

Stakeholders who wish to know more about the Group and our business can visit the Company's website (www.nikspro.com). The Company's website was revamped during FY2023 and has a dedicated section on investor relations where the Group's latest financial results, annual report, SGXNet announcements, key policies and investor relations contacts are disclosed. The dedicated website link for investor relations is: www.nikspro.com/investor-relations/.

Principle 12: ENGAGEMENT WITH SHAREHOLDERS

Provision 12.1 of the Code:
Company provides avenues for communication between the Board and shareholders and discloses steps taken to solicit and understand the views of shareholders

Provisions 12.2 and 12.3 of the Code:
Company has in place an investor relations policy; Investor relations policy sets out mechanism of communication between the shareholders and the Company

Principle 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2 of the Code:
Engagement with material stakeholder groups

Provision 13.3 of the Code:
Corporate website to engage stakeholders

■ CORPORATE GOVERNANCE REPORT FY2023

DEALINGS IN SECURITIES

The Company has put in place policy on dealings in the Company's securities by the Company, its directors, officers and employees of the Company and its subsidiaries.

The Company prohibits its directors, officers and employees from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company and all its directors, officers and employees of the Group are not allowed to deal in the Company's shares during the periods commencing 1 month before the announcement of the Company's half year and full year Interim FS.

The Company's officers and employees are also expected to observe insider trading laws at all times. Directors are required to report all dealings in securities of the Company to the company secretary and/or Chief Financial Officer immediately.

INTERESTED PERSON TRANSACTIONS ("IPTs")

Review procedures are implemented by the Group to ensure that all IPTs are carried out on normal commercial terms which are generally no more favourable than those extended to unrelated third parties and on an arm's length basis, and will not be prejudicial to the interests of the Group and its minority shareholders.

All IPTs are documented and submitted periodically to the ARC for their review. The IPTs during FY2023 which exceeds S\$100,000 in value are as follow:

Name of interested persons and nature of transactions	Nature of relationship	Aggregate value of all IPTs during FY2023 (excluding transactions less than S\$100,000)	
		Not conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000	Conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000
Dr Ong Fung Chin: Rental of premises	Director	120	–

Pursuant to rental agreement dated 22 June 2023 entered into between Dr Ong and the Company, Dr Ong agreed to lease the property situated at 825 Tampines Street 81, #01-64, Tampines Grove, Singapore 520825 to the Company at a monthly rental of S\$13,000 per month for a term of 3 years from 1 July 2023 to 30 June 2026. This rental rate is based on an independent rental valuation of the said premises dated 16 June 2023. The rental agreement and the lease hereunder do not require shareholders' approval as it is exempted under Rule 916(1) of the Catalist Rules.

The Company does not have a general mandate from shareholders for IPTs.

■ CORPORATE GOVERNANCE REPORT FY2023

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that there was no material contract (including loan agreement) of the Company and its subsidiaries involving the interests of the CEO, each director or controlling shareholder, either still subsisting at the end of FY2023 or, if not then subsisting, entered into since the end of FY2022.

NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, non-sponsorship fees amounting to S\$450,000 (FY2022: S\$130,000) were paid to the Sponsor, SAC Capital Private Limited, during FY2023 in connection with the Company's listing on Catalist of the SGX-ST.

USE OF INITIAL PUBLIC OFFERING ("IPO") PROCEEDS

The Company raised gross proceeds of S\$5.0 million from its IPO in October 2023. As at the date of this report, the utilisation of the gross proceeds are as follows:

Use of proceeds (as set out in offer document dated 18 October 2023)	Amount allocated S\$'000	Amount used S\$'000	Amount unused S\$'000
Organic expansion of business through:	800	(358)	442
a) Opening of new clinics and outlets, recruitment of healthcare and management professionals, purchase of new equipment; and			
b) Expansion of medical skincare products distribution business in China			
Expansion of business through acquisitions, joint ventures and/or strategic alliances	2,200	–	2,200
General working capital purposes	327	–	327
Net proceeds	3,327	(358)	2,969
Share issue and listing expenses	1,687	(1,687)	–
Gross proceeds	5,014	(2,045)	2,969

The above utilisation of gross proceeds is in line with the intended use and allocation of gross proceeds as set out in the offer document dated 18 October 2023.

The Company will make periodic announcements via SGXNet on the utilisation of the above IPO proceeds as and when such balance of proceeds is materially disbursed and will also provide a status report on the use of proceeds in the next annual report.

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

We are pleased to present the accompanying financial statements of NIKS Professional Ltd. (the “Company”) and its subsidiaries (the “Group”) for the financial year ended 31 December 2023.

1 Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2023; and
- (b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors approved and authorised these financial statements for issue.

2 Directors

The directors of the Company in office at the date of this statement are:

Cheng Shoong Tat	
Mark Andrew Yeo Kah Chong	(Appointed on 27 September 2023)
Ong Fung Chin	
Manu Bhaskaran	(Appointed on 27 September 2023)
Tan Teck Huat	(Appointed on 27 September 2023)

3 Directors’ interests in shares and debentures

According to the register of director’s shareholdings kept by the Company under Section 164 of the Companies Act 1967 (the “Act”), none of the directors of the Company holding office at the end of the financial year had an interest in the shares of the Company except as follows:

<u>Name of directors</u>	<u>At beginning of the financial year</u>	<u>At end of the financial year</u>
The Company	<u>Number of shares of no par value</u>	
Cheng Shoong Tat	610,001	53,180,435
Ong Fung Chin	610,001	52,180,435

By virtue of section 7 of the Act, Cheng Shoong Tat and Ong Fung Chin are deemed to have interest in all related body corporates of the Company.

The directors’ interests as at 21 January 2024 were the same as those at the end of the financial year.

4 Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5 Share options and awards

The NIKS Employee Share Option Scheme (“NIKS ESOP 2023”) and the NIKS Performance Share Plan (“NIKS PSP 2023”) of the Company were approved and adopted by its members via members’ resolutions by written means on 13 October 2023.

The NIKS ESOP 2023 and NIKS PSP 2023 are administered by the Nominating and Remuneration Committee (“NRC”) whose members are as follow:

Manu Bhaskaran	(Chairman)
Mark Andrew Yeo Kah Chong	(Member)
Tan Teck Huat	(Member)

NIKS ESOP 2023

Information in relation to the NIKS ESOP 2023 are as follow:

- All employees (including executive directors), non-executive directors and controlling shareholders and their associates shall be eligible to participate in the scheme at the absolute discretion of the NRC, subject to conditions.
- The exercise price of the options can be set at a maximum discount of 20.0% (or such other discount percentage or amount as may be determined by the NRC) of the average last dealt prices for the Company’s shares on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) over the 5 consecutive trading days immediately preceding the date of grant of the options.

During the financial year, no option to take up unissued shares of the Company or other body corporate in the group was granted.

During the financial year, no shares were issued by virtue of the exercise of an option to take up unissued shares of the Company.

As at 31 December 2023, there were no unissued shares under option.

NIKS PSP 2023

Information in relation to the NIKS PSP 2023 are as follow:

- All employees (including executive directors), non-executive directors and controlling shareholders and their associates shall be eligible to participate in the scheme at the absolute discretion of the NRC, subject to conditions.
- Awards represent the right of a participant to receive fully-paid shares free of charge, upon satisfying performance conditions (determined at the discretion of the NRC) which may be time-based or performance-related.

During the financial year, no performance shares were granted, vested and cancelled under the NIKS PSP 2023.

As at 31 December 2023, there were no unissued shares under shares awards granted by the Company.

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6 Report of Audit and Risk Committee

The members of the Audit and Risk Committee at the date of this report are as follows:

Mark Andrew Yeo Kah Chong	(Chairman and Lead Independent Director)
Manu Bhaskaran	(Independent Director)
Tan Teck Huat	(Independent Director)

The Audit and Risk Committee performs the functions specified by section 201B (5) of the Act, the Listing Manual of the SGX-ST and the Code of Corporate Governance. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls that are relevant to their statutory audit, their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational, compliance, information technology controls and risk management) and the assistance given by the management to them;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

Other functions performed by the Audit and Risk Committee are described in the Corporate Governance Report included in the annual report of the Company. It also includes an explanation of how independent external auditor's objectivity and independence are safeguarded when the independent external auditor provides non-audit services.

The Audit and Risk Committee reviewed the independence of the auditors as required under Section 206(1A) of the Act and determined that the auditors were independent in carrying out their audit of the financial statements.

The Audit and Risk Committee has recommended to the board of directors that the independent auditor, Grant Thornton Audit LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the Company.

In appointing our auditors of the Company and subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of the SGX-ST.

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7 Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the board, with the concurrence of the Audit and Risk Committee, is of the opinion that the company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2023 to address the risks that the Company considers relevant and material to its operations.

8 Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 27 February 2024, which would materially affect the Group's and Company's operating and financial performance as of the date of this report.

9 Independent auditor

The independent auditor, Grant Thornton Audit LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....
Cheng Shoong Tat
Director

.....
Ong Fung Chin
Director

Singapore
3 April 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NIKS PROFESSIONAL LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Niks Professional Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NIKS PROFESSIONAL LTD

Key Audit Matters

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

Allowance for inventories obsolescence	
Refer to Note 2 and Note 18 to the financial statements	
Key audit matter	How the matter was addressed in the audit
As at 31 December 2023, the total inventories (net of allowance for obsolete inventories) and the related allowance for obsolete inventories amounted to \$1.84 million and \$0.085 million respectively. The determination of allowance for inventories obsolescence requires management to exercise judgement in identifying slow-moving or obsolete inventories and making estimates of their net realisable values. As such we determined this is a key audit matter.	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> attended and observed management's inventory counts at all material inventory locations and observed management's identification of obsolete or slow-moving inventories. tested the accuracy of management's inventory costing. reviewed inventory turnover days. evaluated the assessment made by management with respect to obsolete or slow-moving inventories, taking into consideration expected demand and selling price after year end. corroborated management assessment with historical sales and sales after year end for indication of inaccurate allowance made for inventories obsolescence. assessed the adequacy of the disclosures related to inventories.

Other Information

Management is responsible for the other information. The other information comprises all the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

We have obtained all other information prior to the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NIKS PROFESSIONAL LTD

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NIKS PROFESSIONAL LTD

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is G Arull.

Grant Thornton Audit LLP
Public Accountants and Chartered Accountants

Singapore
3 April 2024

■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Notes	2023 \$'000	2022 \$'000
Revenue	5	10,854	11,095
Interest income	6	210	75
Other income and gains	7	577	252
Changes in inventories		(25)	8
Purchases and related costs		(1,593)	(1,681)
Employee benefits expense	8	(4,768)	(4,429)
Depreciation	14	(740)	(791)
Other losses	9	(111)	(75)
Finance costs	10	(76)	(77)
Other expenses	11	(2,099)	(1,095)
Profit before income tax		2,229	3,282
Income tax expense	12	(488)	(406)
Profit for the year		1,741	2,876
Profit attributable to:			
Owners of the Company		1,686	2,763
Non-controlling interest		55	113
Profit for the year		1,741	2,876
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(40)	(170)
Other comprehensive income		(40)	(170)
Total comprehensive income for the year		1,701	2,706
Total comprehensive income attributable to:			
Owners of the Company		1,646	2,593
Non-controlling interest		55	113
		1,701	2,706

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

■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Group	Notes	2023 \$'000	2022 \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	14	10,970	10,904
Deferred tax assets	12	44	44
Other assets	17	102	100
Total non-current assets		11,116	11,048
<u>Current assets</u>			
Inventories	18	1,842	1,952
Trade and other receivables	19	586	410
Cash and cash equivalents	20	9,086	12,371
Total current assets		11,514	14,733
Total assets		22,630	25,781
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	21	6,475	1,220
Retained earnings		13,066	20,880
Foreign currency translation reserve	22	(19)	21
Share-based payment reserve	21(c)	157	-
Other reserves	16	(297)	-
Equity, attributable to owners of the Company		19,382	22,121
Non-controlling interest		-	205
Total equity		19,382	22,326
<u>Non-current liabilities</u>			
Lease liabilities	23	912	1,019
Total non-current liabilities		912	1,019
<u>Current liabilities</u>			
Income tax payable		445	512
Trade and other payables	24	1,070	1,286
Lease liabilities	23	522	338
Other liabilities	25	299	300
Total current liabilities		2,336	2,436
Total liabilities		3,248	3,455
Total equity and liabilities		22,630	25,781

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

STATEMENT OF FINANCIAL POSITION

AS AT ENDED 31 DECEMBER 2023

Company	Notes	2023 \$'000	2022 \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	14	10,918	7,257
Investment property	15	–	3,644
Investment in subsidiaries	16	1,050	928
Deferred tax assets	12	44	44
Other assets	17	102	100
Total non-current assets		12,114	11,973
<u>Current assets</u>			
Inventories	18	1,582	1,577
Trade and other receivables	19	596	477
Cash and cash equivalents	20	7,632	11,212
Total current assets		9,810	13,266
Total assets		21,924	25,239
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	21	6,475	1,220
Retained earnings		12,367	20,958
Share-based payment reserve	21(c)	157	–
Total equity		18,999	22,178
<u>Non-current liabilities</u>			
Lease liabilities	23	889	1,019
Total non-current liabilities		889	1,019
<u>Current liabilities</u>			
Income tax payable		414	472
Trade and other payables	24	828	988
Lease liabilities	23	495	331
Other liabilities	25	299	251
Total current liabilities		2,036	2,042
Total liabilities		2,925	3,061
Total equity and liabilities		21,924	25,239

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Attributable to owners of the Company						Non-controlling interest \$'000	Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Share-based payment reserve \$'000	Other reserves \$'000	Total \$'000		
Balance at 1 January 2022	1,220	21,777	191	–	–	23,188	235	23,423
Profit for the year	–	2,763	–	–	–	2,763	113	2,876
Other comprehensive income:								
Foreign currency translation differences arising from foreign operations	–	–	(170)	–	–	(170)	–	(170)
Total comprehensive income for the year	–	2,763	(170)	–	–	2,593	113	2,706
Transactions with owners, recognised directly in equity								
Dividends (Note 13)	–	(3,660)	–	–	–	(3,660)	(143)	(3,803)
Balance at 31 December 2022	1,220	20,880	21	–	–	22,121	205	22,326
Balance at 1 January 2023	1,220	20,880	21	–	–	22,121	205	22,326
Share issue expenses	(436)	–	–	–	–	(436)	–	(436)
Profit for the year	–	1,686	–	–	–	1,686	55	1,741
Other comprehensive income:								
Foreign currency translation differences arising from foreign operations	–	–	(40)	–	–	(40)	–	(40)
Total comprehensive income for the year	–	1,686	(40)	–	–	1,646	55	1,701
Transactions with owners, recognised directly in equity								
Dividends (Note 13)	–	(9,500)	–	–	–	(9,500)	(116)	(9,616)
Issue of shares for acquisition of non-controlling interest (Note 16)	441	–	–	–	(297)	144	(144)	–
Conversion of convertible loans (Note 21(c))	236	–	–	–	–	236	–	236
Share-based payment, equity-settled (Note 21(c))	–	–	–	157	–	157	–	157
Issue of new shares (Note 21)	5,014	–	–	–	–	5,014	–	5,014
Balance at 31 December 2023	6,475	13,066	(19)	157	(297)	19,382	–	19,382

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

■ CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	2,229	3,282
Adjustments for:		
Interest income	(210)	(75)
Interest expense	76	77
Share-based payment, equity-settled	157	–
Depreciation of property, plant and equipment	740	791
Loss on disposal of property, plant and equipment	–	4
Allowance for impairment of inventories	85	–
Operating cash flows before changes in working capital	3,077	4,079
<u>Change in working capital:</u>		
Inventories	25	(8)
Trade and other receivables	(97)	(185)
Other assets	(2)	(24)
Trade and other payables	(254)	(56)
Other liabilities	(1)	74
Net cash generated from operations	2,748	3,880
Income tax paid	(555)	(524)
Net cash from operating activities	2,193	3,356
Cash flows from investing activities		
Purchase of property, plant and equipment	(300)	(63)
Disposal of property, plant and equipment	–	16
Interest received	131	31
Net cash used in investing activities	(169)	(16)
Cash flows from financing activities		
Dividends paid to owners of the Company	(9,500)	(3,660)
Dividends paid to non-controlling interest	(116)	(143)
Proceeds from convertible loans	236	–
Payment of lease liabilities	(430)	(322)
Interest paid	(76)	(77)
Issue of shares, net of share issue expense	4,578	–
Net cash used in financing activities	(5,308)	(4,202)
Net decrease in cash and cash equivalents	(3,284)	(862)
Cash and cash equivalents, beginning balance	12,371	13,263
Effect of exchange rate fluctuation	(1)	(30)
Cash and cash equivalents, ending balance	9,086	12,371

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL

Niks Professional Ltd. (the "Company") is incorporated in Singapore with its principal place of business at 16 Kallang Place #03-27 Singapore 339156 and registered office at 825 Tampines Street 81 #01-64, Tampines Grove, Singapore 520825.

The principal activities of the Company are operation of medical clinics focusing on aesthetic medical and family practice dermatology services as well as to carry on the business as wholesalers, retailers, importers, exporters and distribution of cosmetics and skincare products. The principal activities of the subsidiaries are set out in Note 16.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Accounting Standards Committee under ACRA. The Group has adopted all the new and revised standards of the SFRS(I) which are effective beginning on or after 1 January 2023. The adoption of these standards did not have any effect on the financial performance or position of the Group.

The financial statements are prepared on a going concern basis under the historical cost convention except where an SFRS(I)s requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

Material accounting policy information

The Group adopted Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Summary of material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

Basis of preparation of the consolidated financial statements

The preparation of the financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this note, where applicable. The financial statements are presented in Singapore dollar and all values are rounded to the nearest thousand (\$'000), except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective

A number of new standards and amendments to standard have been issued and are effective for annual periods beginning on or after 1 January 2024 and, as such, have not been applied in preparing these financial statements. The adoption of these new and amended standards is not expected to have a significant impact on the financial statements in the year of initial application.

Standard	Title	Effective for annual periods beginning on or after
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
SFRS(I) 1-7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
SFRS(I) 1-21	Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
SFRS(I) 10	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods

The Group distributes skincare and beauty products. Revenue is recognised when the goods are transferred or delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group has a customer loyalty programme that enables end-customers to earn loyalty points based on the amount of purchases of skincare products. The loyalty points are redeemable for a discount on purchases within the next 1 year. The Group recognises revenue for the loyalty points redeemed and recognises a contract liability for unredeemed points as at the end of the financial period. The contract liability is recognised until the corresponding loyalty points are redeemed or expire.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Rendering of services

The Group provides family practice dermatology and aesthetic medical services. Revenue from services are recognised as and when the services are performed and rendered.

Interest income

Interest on interest-bearing bank accounts and fixed deposits are recognised in the financial statements using the effective interest method.

Rental income

Rental income from operating lease on premise is recognised on a straight-line basis over the lease term.

Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

Government grants

Government grants are recognised as a receivable when there is reasonable assurance that all attached conditions will be complied with and that the grant will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to a depreciable asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plan

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligation under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at the end of each financial period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) A present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Foreign currency transactions

The currency of the primary economic environment in which the Company operates, or functional currency, is the Singapore dollar. The financial statements are presented in the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial year end date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the foreign currency translation reserve in the financial statements and transferred to profit or loss as part of the gain or loss on disposal of foreign operation. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions (Continued)

Translation of Group entities' financial statements

Each entity in the Group determines the appropriate functional currency. In translating the financial statements of Group entity for incorporation in the financial statements in the presentation currency:

- (a) Assets and liabilities are translated at the currency exchange rates at the financial year end date;
- (b) Income and expenses are translated at average currency exchange rates for the financial period (unless the average rates are not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the currency exchange rates at the dates of the transactions); and
- (c) All resulting currency translation differences are recognised in the foreign currency translation reserve.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial year end date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxes (Continued)

Deferred tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each financial period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost and subsequently carried at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses is recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Depreciation is provided on the straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives. The estimated useful lives are as follow:

Leasehold properties	–	60 to 95 years (based on remaining lease periods)
Right-of-use assets	–	1 to 6 years
Computers	–	3 years
Furniture and fittings	–	3 years
Machinery	–	3 to 5 years
Medical equipment	–	3 to 5 years
Motor vehicle	–	3 years
Office equipment	–	3 years
Renovation	–	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each financial year end date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are disposed of or written off and no further charge for depreciation is made in respect of these assets.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly upon disposal of that asset.

Investment property

Investment property is property held for long-term rental yields and/or for capital appreciation, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 95 years. The residual values, useful lives and depreciation method of investment property are reviewed, and adjusted as appropriate, at each financial year end date.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalized as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Investment in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the company's statement of financial position. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and realized gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest ("NCI") comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the NCI based on their respective interests in a subsidiary, even if this results in the NCI having a deficit balance.

Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any NCI in the acquiree at the date of acquisition either at fair value or at the NCI's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with owners of the Company. Any difference between the change in the carrying amounts of the NCI and the fair value of the consideration paid or received is recognised within equity attributable to the owners of the Company.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in 'Impairment of non-financial assets' section below.

The Group's right-of-use assets are presented within property, plant and equipment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The lease of low-value assets recognition exemption may also be applied to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As lessor

Leases in which the Group does not transfer automatically all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's leasehold properties is accounted for on a straight-line basis over the lease terms.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (Continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as expense, a reversal of that impairment is also credited to profit or loss.

Financial instruments – Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables (without a significant financing component) are measured at the amount of consideration to which the Group expects to receive in exchange for transferring promised goods or services to a customer.

Subsequent measurement

Financial assets mainly comprise cash and cash equivalents, deposits and trade and other receivables (excludes prepayments and advance payment to suppliers). Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL. The Group only has debt instruments at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments – Financial assets (Continued)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Financial instruments – Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and consideration paid is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Share capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital. Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on the lifetime ECLs at each financial year end date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors’ ability to pay.

For all other financial assets, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (“lifetime ECL”).

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer’s specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity’s intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the financial period during which the change occurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the financial year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next financial year are discussed below.

These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Critical judgments in applying the Group's accounting policies

Management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainties

Impairment of non-financial assets

The carrying values of non-financial assets, including property, plant and equipment, are tested for impairment whenever there is any objective evidence or indication that the non-financial assets may be impaired. The determination and derivation of the relevant inputs require significant judgement. Such impairment would take into account the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the assets and changes to the expected usage to the assets, if any.

Nik\$ Scheme

The Group's Nik\$ Scheme allows customers to pay for purchases of Niks skincare products at any Niks Maple Clinic or Niks Shop Salon, at the rate of 1 NIK\$ = \$1. A portion of revenue attributable to the Nik\$ Scheme benefits is deferred until they are utilised and recognised as a contract liability. The deferment of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

Allowance for inventories obsolescence

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories and obsolescence, and an allowance is recorded against the inventory balances for any such instances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

SFRS(I) 1-24 on related party disclosures requires the Company to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party. The ultimate controlling shareholders are Cheng Shoong Tat and Ong Fung Chin.

3A. Related companies

Related companies in these financial statements include the members of the Company's group of companies.

3B. Related party transactions

There are transactions and arrangements between the Company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances (if any) are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions, in addition to transactions and balances disclosed elsewhere in the notes to the financial statements, include:

	Group	
	2023	2022
	\$'000	\$'000
Director:		
Rental expenses	120	84

3C. Key management compensation

	Group	
	2023	2022
	\$'000	\$'000
Directors of the Company:		
Short-term employee benefits expense	1,552	1,512
Contributions to defined contribution plan	27	20
	1,579	1,532
Other key management personnel:		
Short-term employee benefits expense	370	260
Contributions to defined contribution plan	40	27
	410	287
Total key management compensation	1,989	1,819

Key management personnel are the directors and those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. The above amounts are included under employee benefits expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. SEGMENT INFORMATION

4A. Information about reportable segments

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into the following key operating segments: (1) Clinics; (2) Retail; and (3) Headquarters. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each segment requires different strategies.

The segments and types of products and services are as follows:

- (1) Clinics: Provision of family practice dermatology and aesthetic medical services and sale of skincare and beauty products and medicines at the Group's medical clinics.
- (2) Retail: Sale of skincare and beauty products and provision of facial services at the Company's salons and retail outlets.
- (3) Headquarters: Distribution of skincare and beauty products to customers (including medical clinics and beauty salons) in Singapore and China and sale of the products to end-customers in Singapore through the Company's online sale platforms.

'Others' comprise mainly corporate activities and items relating to investment activities including rental generated from and expenses incurred on leasehold properties.

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of material accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interest expenses and income taxes ("Recurring EBITDA"); and (2) operating result before income taxes and other unallocated items ("PBT").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. SEGMENT INFORMATION (CONTINUED)

4B. Profit and loss

	Clinics \$'000	Retail \$'000	HQ \$'000	Others \$'000	Total \$'000
2023					
Revenue by segment	6,808	2,216	3,066	–	12,090
Intersegment sales	–	–	(1,236)	–	(1,236)
Total revenue	6,808	2,216	1,830	–	10,854
Recurring EBITDA	2,956	1,023	723	(1,867)	2,835
Depreciation	(394)	(184)	(50)	(112)	(740)
Interest income	–	–	–	210	210
Finance costs	(46)	(23)	(4)	(3)	(76)
PBT	2,516	816	669	(1,772)	2,229
Income tax expense					(488)
Profit, net of income tax					1,741
2022					
Revenue by segment	6,684	2,082	4,316	–	13,082
Intersegment sales	–	–	(1,987)	–	(1,987)
Total revenue	6,684	2,082	2,329	–	11,095
Recurring EBITDA	3,118	875	1,195	(1,113)	4,075
Depreciation	(382)	(228)	(57)	(124)	(791)
Interest income	–	–	–	75	75
Finance costs	(44)	(28)	(2)	(3)	(77)
PBT	2,692	619	1,136	(1,165)	3,282
Income tax expense					(406)
Profit, net of income tax					2,876

4C. Assets and liabilities

	Clinics \$'000	Retail \$'000	HQ \$'000	Others \$'000	Total \$'000
31 December 2023					
Segment assets	5,898	2,662	652	4,288	13,500
Deferred tax assets					44
Cash and cash equivalents					9,086
Total assets					22,630
Segment liabilities	1,605	578	357	263	2,803
Income tax payable					445
Total liabilities					3,248
31 December 2022					
Segment assets	5,665	2,810	798	4,093	13,366
Deferred tax assets					44
Cash and cash equivalents					12,371
Total assets					25,781
Segment liabilities	1,458	694	360	431	2,943
Income tax payable					512
Total liabilities					3,455

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. SEGMENT INFORMATION (CONTINUED)

4D. Other material items and reconciliations

	<u>Clinics</u> <u>\$'000</u>	<u>Retail</u> <u>\$'000</u>	<u>HQ</u> <u>\$'000</u>	<u>Others</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Capital expenditure:					
Purchase of property, plant and equipment					
31 December 2023	212	57	–	31	300
31 December 2022	8	11	36	8	63
Additions to right-of-use assets					
31 December 2023	432	–	75	–	507
31 December 2022	109	36	36	90	271

4E. Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
<u>Revenue:</u>		
Singapore	9,272	8,968
China	1,582	2,127
	<u>10,854</u>	<u>11,095</u>
<u>Non-current assets:</u>		
Singapore	11,064	11,045
China	52	3
	<u>11,116</u>	<u>11,048</u>

4F. Information about major customers

No single external customer contributed more than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. REVENUE

	Group	
	2023 \$'000	2022 \$'000
Sale of goods		
– Clinic	5,005	5,003
– Retail	1,887	1,797
– Headquarters	1,830	2,329
	<u>8,722</u>	<u>9,129</u>
Rendering of services:		
– Clinic	1,803	1,681
– Retail	329	285
	<u>2,132</u>	<u>1,966</u>
Total	<u>10,854</u>	<u>11,095</u>
Timing of revenue recognition:		
At a point in time	<u>10,854</u>	<u>11,095</u>

6. INTEREST INCOME

	Group	
	2023 \$'000	2022 \$'000
Interest income from interest bearing bank accounts	<u>210</u>	<u>75</u>

7. OTHER INCOME AND GAINS

	Group	
	2023 \$'000	2022 \$'000
Government grant income	410	131
Rental income	135	115
Sundry income	32	6
	<u>577</u>	<u>252</u>

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023 \$'000	2022 \$'000
Short-term employee benefits expense	4,477	4,147
Contributions to defined contribution plan	291	282
	<u>4,768</u>	<u>4,429</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. OTHER LOSSES

	Group	
	2023	2022
	\$'000	\$'000
Allowance for impairment of inventories (Note 18)	85	–
Loss on disposal of property, plant and equipment	–	4
Foreign exchange adjustment losses	26	71
	<u>111</u>	<u>75</u>

10. FINANCE COSTS

	Group	
	2023	2022
	\$'000	\$'000
Interest expenses on lease liabilities	<u>76</u>	<u>77</u>

11. OTHER EXPENSES

Other expenses include the following major items:

	Group	
	2023	2022
	\$'000	\$'000
Auditors' remuneration	93	53
Exhibition expenses	88	14
NETS and credit card processing fees	175	162
Rental expense	42	86
Repair and maintenance	113	71
Initial public offering ("IPO") related professional fees	931	386
IPO related share-based payment	<u>157</u>	<u>–</u>

12. TAX

12A. Components of tax expense included:

	Group	
	2023	2022
	\$'000	\$'000
<u>Income tax:</u>		
Current income tax	376	516
Under provision of income tax in respect of prior years	112	–
	<u>488</u>	<u>516</u>
<u>Deferred income tax:</u>		
Origination of temporary differences	–	(30)
Change in unrecognised temporary differences	–	(80)
	<u>–</u>	<u>(110)</u>
Total income tax expense	<u>488</u>	<u>406</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. TAX (CONTINUED)

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable tax rate were as follows:

	Group	
	2023 \$'000	2022 \$'000
Profit before income tax	2,229	3,282
Tax at the statutory tax rate of 17%	379	558
Different tax rates in other countries	(82)	121
Tax effect of income that are not taxable	(84)	(115)
Tax effect of expenses that are not deductible	250	30
Statutory income tax exemption	(70)	(35)
Under provision of income tax in respect of prior years	112	–
Change in unrecognised temporary differences	–	(80)
Others	(17)	(73)
Total income tax expense	488	406

12B. Deferred tax balances in the statements of financial position are attributable to the following:

	Group and Company	
	2023 \$'000	2022 \$'000
Property, plant and equipment:		
– Excess of tax values over book values	1	1
Provisions	43	43
Net deferred tax assets	44	44

13. DIVIDENDS ON EQUITY SHARES

	Group and Company	
	2023	2022
<u>Tax exempt (1-tier) dividends:</u>		
Dividend per share (\$)	7.79	3.00
Total dividends (\$'000)	9,500	3,660

The dividends were declared in respect of 1,220,002 ordinary shares in issue prior to the commencement of internal restructuring (Note 21). There are no income tax consequences of the dividends to shareholders.

The directors have proposed that a dividend of \$0.01 per share with a total of \$1,300,000 be paid to shareholders after the forthcoming annual general meeting. This dividend is subject to approval by shareholders at the forthcoming annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the financial year and including any new qualifying shares issued up to the date the dividend becomes payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties	Right-of-use assets	Computers	Furniture and fittings	Machinery	Medical equipment	Motor vehicle	Office equipment	Renovation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Cost:</u>										
At 1 January 2022	10,166	1,802	274	94	106	1,780	48	71	914	15,255
Additions	-	271	8	-	-	-	54	1	-	334
Written off	-	-	-	-	-	-	(48)	-	-	(48)
At 31 December 2022	10,166	2,073	282	94	106	1,780	54	72	914	15,541
Additions	-	507	145	-	-	154	-	1	-	807
At 31 December 2023	10,166	2,580	427	94	106	1,934	54	73	914	16,348
<u>Accumulated depreciation:</u>										
At 1 January 2022	550	457	239	87	91	1,672	27	57	690	3,870
Depreciation	144	372	17	7	7	96	10	7	131	791
Written off	-	-	-	-	-	-	(28)	-	-	(28)
Foreign exchange differences	-	4	-	-	-	-	-	-	-	4
At 31 December 2022	694	833	256	94	98	1,768	9	64	821	4,637
Depreciation	145	433	32	-	6	37	9	6	72	740
Foreign exchange differences	-	1	-	-	-	-	-	-	-	1
At 31 December 2023	839	1,267	288	94	104	1,805	18	70	893	5,378
<u>Carrying amounts:</u>										
At 31 December 2022	9,472	1,240	26	-	8	12	45	8	93	10,904
At 31 December 2023	9,327	1,313	139	-	2	129	36	3	21	10,970

Right-of-use assets pertain to leasing arrangements for office, warehouse, clinic and retail premises.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold properties	Right-of-use assets	Computers	Furniture and fittings	Machinery	Medical equipment	Motor vehicle	Office equipment	Renovation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Cost:</u>										
At 1 January 2022	6,291	1,736	274	94	106	1,642	48	57	766	11,014
Additions	-	271	8	-	-	-	54	1	-	334
Written off	-	-	-	-	-	-	(48)	-	-	(48)
At 31 December 2022	6,291	2,007	282	94	106	1,642	54	58	766	11,300
Additions	-	432	145	-	-	154	-	1	-	732
Transfer from investment property (Note 15)	3,875	-	-	-	-	-	-	-	-	3,875
At 31 December 2023	10,166	2,439	427	94	106	1,796	54	59	766	15,907
<u>Accumulated depreciation:</u>										
At 1 January 2022	360	426	240	87	91	1,534	27	44	541	3,350
Depreciation	103	344	17	7	7	96	10	7	130	721
Written off	-	-	-	-	-	-	(28)	-	-	(28)
At 31 December 2022	463	770	257	94	98	1,630	9	51	671	4,043
Depreciation	107	410	31	-	6	37	9	5	72	677
Transfer from investment property (Note 15)	269	-	-	-	-	-	-	-	-	269
At 31 December 2023	839	1,180	288	94	104	1,667	18	56	743	4,989
<u>Carrying amounts:</u>										
At 31 December 2022	5,828	1,237	25	-	8	12	45	7	95	7,257
At 31 December 2023	9,327	1,259	139	-	2	129	36	3	23	10,918

Right-of-use assets pertain to leasing arrangements for office, warehouse, clinic and retail premises.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. INVESTMENT PROPERTY

	Company	
	2023 \$'000	2022 \$'000
<u>Cost:</u>		
At 1 January	3,875	3,875
Transfer to property, plant and equipment	(3,875)	–
At 31 December	–	3,875
<u>Accumulated depreciation:</u>		
At 1 January	231	190
Depreciation	38	41
Transfer to property, plant and equipment	(269)	–
At 31 December	–	231
<u>Carrying amounts:</u>		
At 31 December	–	3,644

Description of the valuation techniques and the significant other observable inputs used in the fair value measurement (Level 3) of the investment property are as follows:

Description of asset:	Leasehold retail shop
Location:	2 Venture Drive #01-27 Vision Exchange Singapore 608526
Gross floor area:	861 square feet
Fair value:	\$3.7 million
Valuation date:	31 December 2022
Valuation technique used:	Comparison with market evidence of recent transaction prices and offer of sale prices for similar properties

The fair value of the investment property was measured based on the the highest and best use method to reflect the actual market state and circumstances as at the valuation date. The fair value was based on a valuation made by Kiong Chai Woon & Co Pte Ltd, a firm of independent professional valuers. The valuer holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued.

As at 31 December 2022, the investment property was leased out to a subsidiary under operating leases and the management has not entered into contractual obligations for the maintenance or enhancement of the investment property. In September 2023, the subsidiary became a wholly-owned subsidiary of the Company after the Company acquired the non-controlling interest of the subsidiary. On 1 December 2023, the Company took over the operations of the subsidiary at the above premises and changed the use of the property from investment property to owner-occupied property. The leasehold property is now classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 \$'000	2022 \$'000
Unquoted equity shares, at cost	971	971
Acquisition of non-controlling interest (Note 21(b))	441	–
Less: Allowance for impairment loss	(362)	(43)
	1,050	928

	Company	
	2023 \$'000	2022 \$'000
Movements in allowance for impairment loss:		
At 1 January	43	43
Charged to profit or loss included in other losses	319	–
At 31 December	362	43

Investments in subsidiaries are reviewed at the end of each financial year to determine whether there is any indication of impairment by assessing the factors that affect the recoverable amount of an investment, and the financial health of and business outlook for the subsidiary. Impairment loss recognised during FY2023 was in relation to Niks Maple West Pte Ltd which became a dormant company after its operations were transferred to the Company following the Company's acquisition of its non-controlling interest.

Management has estimated the recoverable value of the investment in Niks Maple West Pte Ltd using its fair value less cost of disposal (level 3 of the fair value hierarchy). The fair value less cost of disposal is based on the expected realisable value of the net current assets which mainly comprises monetary assets and liabilities of Niks Maple West Pte Ltd.

Details of the subsidiaries are as follows:

Names of subsidiaries (Country of incorporation)	Principal activities	Ownership	
		2023 %	2022 %
Niks Professional (Shanghai) Co., Limited (China) ^(a)	Distribution of skincare and beauty products	100	100
Niks Maple West Pte. Ltd. (Singapore) ^(b)	Provision of family practice dermatology and aesthetic medical services (Inactive with effect from 1 December 2023)	100	51
Niks Professional Sdn Bhd (Malaysia) ^(c)	Inactive	100	100
Niks Professional LLC (United States of America) ^(c)	Inactive	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (a) Audited by PKF Shenzhen, China.
 (b) Audited by Grant Thornton Audit LLP, Singapore.
 (c) Not required to be audited in the country of incorporation.

The following schedule shows the effects of changes in the group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	Group	
	2023 \$'000	2022 \$'000
Amount paid on changes in ownership interest in subsidiary	441	–
Non-controlling interest acquired	(144)	–
Difference recognised in an equity reserve (Note 22)	297	–

17. OTHER ASSETS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Rental deposits	102	100	102	100

18. INVENTORIES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Medicine, skincare and beauty products, and packaging materials	1,815	1,666	1,555	1,291
Goods-in-transit	27	286	27	286
	1,842	1,952	1,582	1,577

Inventories are stated after deducting an allowance for impairment of slow-moving inventories. Movements in allowance for impairment are as follow:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January	–	–	–	–
Charged to profit or loss included in other losses (Note 9)	85	–	85	–
At 31 December	85	–	85	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables				
– Outside parties	100	52	99	41
– Subsidiaries	–	–	17	107
Other receivables				
– Outside parties	386	133	380	44
– Subsidiaries	–	–	–	62
Deposits	15	25	15	24
Financial assets at amortised costs	501	210	511	278
Advance payment to suppliers	72	180	72	180
Prepayments	13	20	13	19
Total trade and other receivables	586	410	596	477

No interest is charged on the trade receivables. Outstanding non-trade balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The amounts are classified as current as the Company expects to receive payment within the next 12 months.

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 27.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and bank balances	3,710	6,998	2,256	5,839
Fixed deposits with financial institutions	5,376	5,373	5,376	5,373
	9,086	12,371	7,632	11,212

Fixed deposits are held with financial institutions which are subject to insignificant risk of change in value.

20A. Reconciliation of liabilities arising from financing activities

Lease liabilities	1 January \$'000	Cash flows \$'000	Addition ^(a) \$'000	Non-cash	Others \$'000	31 December \$'000
				changes Interest expense \$'000		
Group						
2023	1,357	(506)	507	76	–	1,434
2022	1,406	(399)	271	77	2	1,357
Company						
2023	1,350	(472)	432	74	–	1,384
2022	1,370	(367)	271	76	–	1,350

(a) Capitalisation of lease arrangements within the scope of SFRS(I) 16 Leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. SHARE CAPITAL

Company	Number of ordinary shares '000	Share capital \$'000
Balance at 1 January 2022 and 31 December 2022	1,220	1,220
Issue of shares pursuant to internal restructuring:		
a) Subdivision of 1,220,002 shares	103,141	–
b) Issue of shares for acquisition of subsidiary	2,130	441
c) Conversion of convertible loans	1,709	236
Issue of shares pursuant to IPO	21,800	5,014
Less: Capitalisation of IPO expenses	–	(436)
Balance at 31 December 2023	<u>130,000</u>	<u>6,475</u>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

In preparation for the Company's IPO and to rationalise the Group structure, the Company underwent an internal restructuring which involves:

- a) Subdivision of 1,220,002 shares in the issued and paid-up share capital of the Company into 104,360,870 shares on 13 October 2023;
- b) Acquisition of the remaining 49% of the issued and paid-up share capital of subsidiary, Niks Maple West Pte. Ltd., for a consideration of \$441,000 on 27 September 2023 which was satisfied by the issue of 2,130,435 new shares of the Company to the non-controlling shareholders; and
- c) Conversion of convertible loans amounting to \$235,800 extended by 4 doctors of the Group (who are not directors of the Company) in ordinary shares of the Company. According to the convertible loan agreement, the convertible loans shall be mandatorily converted into new shares of the Company at a 40.0% discount from invitation price of \$0.23 per share upon the receipt of notification from the SGX-ST for the registration of the offer document in relation to the IPO. The convertible loans were to mature on 8 August 2024 and bear no interest unless the Company elects not to proceed with the IPO or an event of default (as stipulated in the convertible loan agreement) occurs. On 13 October 2023, the convertible loans were convertible into 1,708,695 ordinary shares at the conversion price of \$0.138 per share. The aggregate discount of \$157,200 was recognised as an IPO-related share-based payment expense in profit or loss and with a corresponding increase in equity (Share-based payment reserve).

Pursuant to the IPO, 21,800,000 new shares were issued on 26 October 2023 and gross proceeds of \$5,014,000 was raised. \$436,000 of IPO expenses were capitalised against share capital according to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. SHARE CAPITAL (CONTINUED)

Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

22. RESERVES

Foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

Other reserves represents the excess of consideration paid for 49% shareholding of a subsidiary over carrying amount of non-controlling interest as at the date of acquisition during FY2023.

23. LEASES

As a lessee

Lease liabilities are presented in the statements of financial position as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current liabilities	522	338	495	331
Non-current liabilities	912	1,019	889	1,019
	<u>1,434</u>	<u>1,357</u>	<u>1,384</u>	<u>1,350</u>

The carrying amounts of lease liabilities and the movements during the financial years are disclosed in Note 20A and maturity analysis of lease liabilities is disclosed in Note 27E.

As a lessor

The Group leases out its properties to outside parties. The leases contain an initial non-cancellable period of 2 years with a fixed annual rent. Subsequent renewals are negotiated with the lessee and with an average renewal period of 2 years.

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

■ NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. LEASES (CONTINUED)

As a lessor (Continued)

The undiscounted lease payments to be received as at the end of the respective financial years are as follows:

	2023	2022
	\$'000	\$'000
Not later than 1 year	113	125
Between 1 and 2 years	38	32
	<u>151</u>	<u>157</u>

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade payables	146	167	146	167
Accrued liabilities	546	446	543	426
Other payables	5	178	–	158
Advance received	63	61	63	61
Deposit received	248	268	27	24
Financial liabilities at amortised costs	1,008	1,120	779	836
GST payables	62	118	49	104
Deferred grant income	–	48	–	48
Total trade and other payables	<u>1,070</u>	<u>1,286</u>	<u>828</u>	<u>988</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. OTHER LIABILITIES

Other liabilities comprise contract liabilities. The Group has a customer loyalty programme (Nik\$ Scheme) that enables end-customers to earn loyalty points, in the form of Nik\$, each time they purchase the Group's skincare products. Each Nik\$ awarded is redeemable for a \$1 discount on skincare product purchase by the end-customer at the Group's clinics and retail outlets in Singapore within the next 1 year. Consideration equivalent to Nik\$ awarded for a sale transaction would be allocated to future product sale on a relative price proportionate basis, treated as deferred revenue and recognised as a contract liability. When the Nik\$ are redeemed or expire, the corresponding contract liability would be reversed to revenue.

	Group		
	31 December 2023 \$'000	31 December 2022 \$'000	1 January 2022 \$'000
Contract liabilities	299	300	226

	Company		
	31 December 2023 \$'000	31 December 2022 \$'000	1 January 2022 \$'000
Contract liabilities	299	251	188

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue recognised from amounts included in contract liabilities at beginning of year	300	226	251	188

26. EARNINGS PER ORDINARY SHARES ("EPS")

	Group	
	2023	2022
Profit attributable to owners of the Company (\$'000)	1,686	2,763
Weighted average number of ordinary shares ('000)	130,000	130,000
EPS (Basic and diluted) (cents)	1.30	2.13

For comparative and illustrative purposes, the weighted average number of ordinary shares used for the calculation of EPS for the financial periods under review is based on the post-invitation number of shares of 130,000,000 ordinary shares.

As there were no potential dilutive ordinary shares, basic and diluted EPS for the financial periods under review are the same.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS

27A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the financial year:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	9,086	12,371	7,632	11,212
Trade and other receivables*	501	210	511	278
Financial assets at amortised cost	9,587	12,581	8,143	11,490
<u>Financial liabilities:</u>				
Trade and other payables#	1,008	1,120	779	836
Financial liabilities at amortised cost	1,008	1,120	779	836

* Excludes advance payment to suppliers and prepayments

Excludes GST payables and deferred grant income

27B. Financial risk management

The Group's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

27C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequently to initial recognition at fair value, grouped into Level 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost in the financial statements.

Management has determined that the carrying amounts of deposits, trade and other receivables (excluding prepayments and advance payment to suppliers), cash and cash equivalents and trade and other payables (excluding GST payables and deferred grant income) reasonably approximate their fair values because these are short-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (CONTINUED)

27D. Credit risk on financial assets

The Group's exposure to credit risk arises primarily from cash and cash equivalents and trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in financial loss to the Group.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which the entity operates and other macro-economic factors.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal and external credit ratings
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant adverse change to the debtor's ability to meet its obligations
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant adverse changes in the expected performance and behaviour of the debtor, including changes in the payment status and operating results of the debtor

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- The debtor is encountering significant difficulty
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (CONTINUED)

27D. Credit risk on financial assets (Continued)

The Group's current credit risk grading framework comprises the following categories:

<u>Category of internal credit rating</u>	<u>Definition of category</u>	<u>Basis for recognition of expected credit losses ("ECL")</u>
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses
Underperforming	Customers for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 90 days past due.	Lifetime expected credit losses
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Asset is written off

The table below details the credit quality of the Group's and the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

<u>Group</u>	<u>Note</u>	<u>12 month or lifetime ECL</u>	<u>Gross carrying amount</u> <u>\$'000</u>	<u>Loss allowance</u> <u>\$'000</u>	<u>Net carrying amount</u> <u>\$'000</u>
<u>31 December 2023</u>					
Trade receivables	19	Lifetime ECL (simplified)	100	–	100
Other receivables	19	12-month ECL	386	–	386
Deposits	19	12-month ECL	15	–	15
				–	
<u>31 December 2022</u>					
Trade receivables	19	Lifetime ECL (simplified)	52	–	52
Other receivables	19	12-month ECL	133	–	133
Deposits	19	12-month ECL	25	–	25
				–	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (CONTINUED)

27D. Credit risk on financial assets (Continued)

Company	Not past due	Within 30 days	Trade receivables Days past due			Total
			31-60 days	61-90 days	More than 90 days	
<u>31 December 2023</u>						
ECL rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	116	–	–	–	55	171
ECL	–	–	–	–	(55)	(55)
						<u>116</u>
<u>31 December 2022</u>						
ECL rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	148	–	–	–	55	203
ECL	–	–	–	–	(55)	(55)
						<u>148</u>

Exposure to credit risk

The Group has no significant concentration of credit risk. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables and deposits

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

27E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group monitors its liquidity risk and ensures that it has sufficient cash to meet expected operational expenses, including the servicing of financial obligations, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (CONTINUED)

27E. Liquidity risk – financial liabilities maturity analysis (Continued)

Non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the financial years are as follow:

Group	Carrying amount	Undiscounted contractual cash flows			
		Contractual cash flows	Less than 1 year	2 – 5 years	More than 5 years
Financial liabilities	\$'000	\$'000	\$'000	\$'000	
<u>31 December 2023</u>					
Trade and other payables*	1,008	1,008	1,008	–	–
Lease liabilities	1,434	1,548	585	963	–
	<u>2,442</u>	<u>2,556</u>	<u>1,593</u>	<u>963</u>	<u>–</u>
<u>31 December 2022</u>					
Trade and other payables*	1,120	1,120	1,120	–	–
Lease liabilities	1,357	1,506	401	1,105	–
	<u>2,477</u>	<u>2,626</u>	<u>1,521</u>	<u>1,105</u>	<u>–</u>

Company	Carrying amount	Undiscounted contractual cash flows			
		Contractual cash flows	Less than 1 year	2 – 5 years	More than 5 years
Financial liabilities	\$'000	\$'000	\$'000	\$'000	
<u>31 December 2023</u>					
Trade and other payables*	779	779	779	–	–
Lease liabilities	1,384	1,495	556	939	–
	<u>2,163</u>	<u>2,274</u>	<u>1,335</u>	<u>939</u>	<u>–</u>
<u>31 December 2022</u>					
Trade and other payables*	836	836	836	–	–
Lease liabilities	1,350	1,499	394	1,105	–
	<u>2,186</u>	<u>2,335</u>	<u>1,230</u>	<u>1,105</u>	<u>–</u>

* Excludes GST payables and deferred grant income

■ NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. FINANCIAL INSTRUMENTS (CONTINUED)

27F. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risks

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group entities, primarily United States Dollar ("USD"). The Group does not use any financial derivatives such as foreign currency forward contracts and foreign currency options for hedging purpose.

The Group's currencies exposure to USD at the end of the respective financial years are as follows:

	Group and Company	
	2023	2022
	\$'000	\$'000
<u>Financial assets:</u>		
Cash and cash equivalents	1,383	1,376
Trade and other receivables	138	11
Net currency exposure	<u>1,521</u>	<u>1,387</u>
<u>Sensitivity analysis:</u>		
Adverse effect on pre-tax profit of a hypothetical 5% strengthening in the exchange rate of the functional currency against USD with all other variables held constant	<u>76</u>	<u>69</u>

A 5% weakening in the exchange rate of the functional currency against USD would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

28. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 3 April 2024.

■ STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2024

Class of shares	:	Ordinary and fully paid
Voting rights	:	One vote per share
Number of shares	:	130,000,000
Number of treasury shares and subsidiary holdings	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of shareholders	%	Number of shares	%
100 – 1,000	27	10.75	25,200	0.02
1,001 – 10,000	139	55.38	855,100	0.66
10,001 – 1,000,000	77	30.68	9,818,917	7.55
1,000,001 and above	8	3.19	119,300,783	91.77
Total	251	100.00	130,000,000	100.00

REGISTER OF SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS

	Direct interest		Deemed interest	
	Number of shares	%	Number of shares	%
Chong Shoong Tat ⁽¹⁾	53,180,435	40.9	52,235,435	40.2
Ong Fung Chin ⁽²⁾	52,235,435	40.2	53,180,435	40.9

Notes:

- (1) Mr Cheng Shoong Tat is deemed interested in 52,235,435 shares held by his spouse and director of the Company, Dr Ong Fung Chin, pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore.
- (2) Dr Ong Fung Chin is deemed interested in 53,180,435 shares held by her spouse and director of the Company, Mr Cheng Shoong Tat, pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore.

■ STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2024

20 LARGEST SHAREHOLDERS

S/N	Shareholder's Name	Number of Shares	%
1	Cheng Shoong Tat	53,180,435	40.91
2	Ong Fung Chin	52,235,435	40.18
3	OCBC Securities Private Limited	5,984,900	4.60
4	Ng Yew Nam	2,426,100	1.87
5	Handry Gumanti	1,690,365	1.30
6	Lau Chin Hoh	1,483,548	1.14
7	Lim Guan Pheng	1,200,000	0.92
8	Jessie Low Mui Choo	1,100,000	0.85
9	UOB Kay Hian Private Limited	704,000	0.54
10	KGI Securities (Singapore) Pte. Ltd.	615,800	0.47
11	CGS International Securities Singapore Pte. Ltd.	559,500	0.43
12	Yap Chien Yu Lynette	521,739	0.40
13	Ken Tan Khim Sing	500,000	0.38
14	Thomas Hong @ Hong Meng San	441,000	0.34
15	Koh Eng Lin	434,000	0.33
16	Tan Cher Keow	434,000	0.33
17	Goh Guan Siong (Wu Yuanxiang)	400,000	0.31
18	Lim Chye Huat @ Bobby Lim Chye Huat	400,000	0.31
19	Law Teng Hwa	338,000	0.26
20	Kang Puay Seng	267,000	0.21
	TOTAL	124,915,822	96.08

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

18.91% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of Catalyst Rules of the Singapore Exchange Securities Trading Limited.

■ NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Niks Professional Ltd. (the “Company”) will be held at Lifelong Learning Institute, 11 Eunos Road 8, Level 4 (R1 Arena Room) Singapore 408601 on Friday, 26 April 2024 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditor’s Report thereon.

(Resolution 1)

2. To declare final dividend of 1.0 Singapore cent per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2023.

(Resolution 2)

3. To re-elect Mr. Cheng Shoong Tat, a director of the Company retiring pursuant to Article 117 of the Constitution of the Company.

(Resolution 3)

Mr. Cheng Shoong Tat will, upon re-election as director of the Company, remain as the Chairman and Chief Executive Officer of the Company. Detailed information of Mr. Cheng Shoong Tat required pursuant to Rule 720(5) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (“Catalist Rules”) can be found in the Annual Report.

4. To re-elect the following directors of the Company retiring pursuant to Article 122 of the Constitution of the Company:

4.1 Mr. Mark Andrew Yeo Kah Chong

(Resolution 4)

4.2 Mr. Manu Bhaskaran

(Resolution 5)

4.3 Mr. Tan Teck Huat

(Resolution 6)

Mr. Mark Andrew Yeo Kah Chong will, upon re-election as director of the Company, remain as the Deputy Chairman, Lead Independent Director, Chairman of Audit and Risk Committee and a member of Nominating and Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr. Mark Andrew Yeo Kah Chong required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.

Mr. Manu Bhaskaran will, upon re-election as director of the Company, remain as the Chairman of Nominating and Remuneration Committee and a member of Audit and Risk Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr. Manu Bhaskaran required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.

Mr. Tan Teck Huat will, upon re-election as director of the Company, remain as a member of Nominating and Remuneration Committee and a member of Audit and Risk Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr. Tan Teck Huat required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.

5. To approve the payment of directors’ fees of S\$57,000 for the financial year ended 31 December 2023 and up to S\$114,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears.

(Resolution 7)

■ NOTICE OF ANNUAL GENERAL MEETING

6. To re-appoint Grant Thornton Audit LLP as the Auditors of the Company and to authorise the directors of the Company to fix their remuneration.

(Resolution 8)

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

8. Authority to issue shares

That pursuant to Section 161 of the Companies Act 1967 (the “**Act**”) and Rule 806 of the Catalist Rules, the directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
- (b) new Shares arising from exercising of share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

■ NOTICE OF ANNUAL GENERAL MEETING

- (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

(Resolution 9)

9. **Authority to grant options and issue shares pursuant to the NIKS Employee Share Option Scheme**

That pursuant to Section 161 of the Act, authority be and is hereby given to the directors to:

- (i) offer and grant options in accordance with the provisions of the NIKS Employee Share Option Scheme ("**NIKS ESOS**"); and
- (ii) allot and issue or deliver from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the exercise of options granted under the NIKS ESOS, provided always that the aggregate number of Shares to be allotted and issued pursuant to the NIKS ESOS, when aggregated with the aggregate number of Shares issued and issuable or transferred and to be transferred in respect of all options granted under NIKS ESOS; and the aggregate number of Shares over which options and/or awards granted under any other share option, share incentive, performance share or restricted share plans implemented and in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

The authority conferred by this resolution shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 10)

10. **Authority to grant awards and issue shares pursuant to the NIKS Performance Share Plan**

That pursuant to Section 161 of the Act, authority be and is hereby given to the directors to:

- (i) offer and grant awards in accordance with the provisions of the NIKS Performance Share Plan ("**NIKS PSP**"); and
- (ii) allot and issue or deliver from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of awards granted under the NIKS PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the NIKS PSP, when aggregated with the aggregate number of Shares issued and issuable or transferred and to be transferred in respect of all awards under NIKS PSP; and the aggregate number of Shares over which options and/or awards granted under any other share option, share incentive, performance share or restricted share plans implemented and in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

The authority conferred by this resolution shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 11)

By Order of the Board

Cho Form Po
Company Secretary
Singapore, 11 April 2024

Explanatory Notes:

- (i) The Ordinary Resolution 9 in item 8 above, if passed, will empower the directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holding, if any) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders of the Company.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holding, if any) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holding, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (ii) The Ordinary Resolution 10 in item 9 above, if passed, will empower the directors to offer and grant options, and to allot and issue new Shares in the capital of the Company, pursuant to the NIKS ESOS as may be modified by the Nominating and Remuneration Committee from time to time, provided that the aggregate number of shares to be allotted and issued pursuant to the NIKS ESOS shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.
- (iii) The Ordinary Resolution 11 in item 10 above, if passed, will empower the directors to offer and grant awards, and to allot and issue new Shares in the capital of the Company, pursuant to the NIKS PSP as may be modified by the Nominating and Remuneration Committee from time to time, provided that the aggregate number of shares to be allotted and issued pursuant to the NIKS PSP shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

Notes

1. The members of the Company are invited to attend the AGM in person. There will be no option for shareholders to participate virtually. Printed copies of this notice and the Proxy Form will be sent by post to members. This notice, the Proxy Form and the annual report are also available on the Company's corporate website (www.nikspro.com) and the SGXNet (www.sgx.com/securities/company-announcements). A member will need an internet browser and PDF reader to view these documents.
2. A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the AGM. Where such member's form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

■ NOTICE OF ANNUAL GENERAL MEETING

“**Relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity.
4. A proxy need not be a member of the Company.
 5. The instrument appointing the proxy (the “**Proxy Form**”) must be deposited at the Company’s head office at 16 Kallang Place #03-27 Singapore 339156, or sent by email to: ir@nikspro.com, not less than forty-eight (48) hours before the time appointed for the AGM of the Company.

Members are strongly encouraged to submit completed proxy forms electronically via email.

6. SRS investors: (a) may vote at the AGM if they are appointed as proxies by their SRS operators, and should approach their SRS operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their SRS operators to submit their votes at least seven (7) working days before the AGM (i.e.: by 16 April 2024) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form on their behalf by the cut-off date.
7. **Submission of questions prior to the AGM**

Shareholders (including SRS investors) or where applicable their appointed proxy(ies) may submit questions related to the resolutions to be tabled at the AGM in advance via email (ir@nikspro.com) by 18 April 2024 (5.00 p.m.). Responses from the Board and management of the Company on relevant and substantial questions received from shareholders will be published on the SGXNet (www.sgx.com/securities/company-announcements) prior to the AGM. Any relevant and substantial questions received after 5.00 p.m. of 18 April 2024 will be addressed during the AGM and the Company will publish the minutes of the AGM on the SGXNet, and the Company’s website within one (1) month after the date of AGM.

Shareholders or their corporate representative must state his/her full name and whether he/she is a shareholder or a corporate representative of a corporate shareholder. Any question without the identification details will not be addressed.

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing the proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the pre-registration in accordance with this notice, or (c) submitting any question prior to the AGM in accordance with this notice, a member consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of Proxy Forms appointing proxy(ies) for the AGM (including any adjournment thereof);
- (ii) the processing of the pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the AGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members and if necessary, following up with the relevant members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Cheng Shoong Tat, Mr Mark Andrew Yeo Kah Chong, Mr Manu Bhaskaran and Mr Tan Teck Huat are the directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2024 (“AGM”) (“Retiring Directors”).

Pursuant to Rule 704(6) of Catalist Rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the following is the information relating to the Retiring Directors as set out in Appendix F to Catalist Rules of the SGX-ST:

	CHENG SHOONG TAT	MARK ANDREW YEO KAH CHONG
Date of appointment	22 September 1998	27 September 2023
Date of last re-appointment (if applicable)	Not applicable	Not applicable
Age	63	61
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Refer to the disclosures set out under “Board Diversity” and “Process for the selection, appointment and re-appointment of Directors” of the Corporate Governance Report in Annual Report 2023. The Board concurred with the Nominating and Remuneration Committee’s recommendation for the re-appointment of Mr Cheng Shoong Tat at the AGM.	Refer to the disclosures set out under “Board Diversity” and “Process for the selection, appointment and re-appointment of Directors” of the Corporate Governance Report in Annual Report 2023. The Board concurred with the Nominating and Remuneration Committee’s recommendation for the re-appointment of Mr Mark Andrew Yeo Kah Chong at the AGM.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-executive
Job Title	Chairman and Chief Executive Officer	Deputy Chairman Lead Independent Director Audit and Risk Committee Chairman Nominating and Remuneration Committee Member
Professional qualifications	Master of Business Administration, London Business School, University of London Bachelor of Arts, University of Cambridge	Executive Diploma in Directorship, Singapore Management University and the Singapore Institute of Directors Advanced Management Programme, INSEAD Master of Laws, National University of Singapore Master of Arts, University of Oxford Bachelor of Arts, University of Oxford
Working experience and occupation(s) during the past 10 years	January 2005 to present: Director (Executive), Niks Professional Ltd.	October 2016 to November 2018: Director, IP Global Limited January 2015 to October 2016: Chief Executive Officer, IP Global Limited November 2014 to November 2018: Adviser, Al Fahim Holdings LLC Dubai UAE November 2007 to November 2014: Executive Council Member, Al Fahim Holdings LLC Dubai UAE November 2007 to September 2014: Executive Council Member, Paris Gallery LLC

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHENG SHOONG TAT	MARK ANDREW YEO KAH CHONG
Shareholding interest in the listed issuer and its subsidiaries	53,180,435 ordinary shares (Direct interest) and 52,235,435 ordinary shares (Indirect interest) of the Company	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	Mr Cheng is the husband of director and substantial shareholder, Dr Ong Fung Chin.	Nil
Conflict of interests (including any competing business)	Nil	Nil
Undertaking in the format set out in Appendix 7H under Catalist Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships Past (for the last 5 years)	Nil	Changi Airports International Pte. Ltd. Neptune1 Infrastructure Holdings Pte. Ltd. Ruby Capital Pte. Ltd. Basslink Pty Ltd Concessionaria Aeroporto Rio de Janeiro S.A. Rio de Janeiro Aeroporto S.A.
Present	Niks Professional Ltd. (" NPL ") Niks Maple West Pte. Ltd. Niks Professional (Shanghai) Co., Limited (" NPSCL ") Niks Professional Sdn. Bhd. Niks Professional LLC	Niks Professional Ltd. Changi Airport Group (Singapore) Pte. Ltd. IREIT Global Group Pte. Ltd. Keppel Infrastructure Fund Management Pte. Ltd. Vicplas International Ltd Windy EU Holdings Pte. Ltd.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHENG SHOONG TAT	MARK ANDREW YEO KAH CHONG
Information required pursuant to Catalyst Rule 704(6) under items (a) to (k) of Appendix 7F of Catalyst Rules of the SGX-ST (Please refer to page 142 and 143 of Annual Report 2023)	<p>Mr Cheng's responses under items (a) to (k) of Appendix 7F of the Catalyst Rules of the SGX-ST are "No", except for item (j)(i):</p> <p>a) On 14 October 2004, the Health Science Authority of Singapore ("HSA") noted that NPL possessed for sale various cosmetic products which did not comply with certain licensing and labelling requirements. Following remedial action taken by NPL, no further action was taken by HSA against NPL.</p> <p>b) NPL and its tax agent made incorrect claims for Section 14N deduction, capital allowances and medical expenses in NPL's YA2020 and YA2021 tax returns. The Inland Revenue Authority of Singapore compounded the offence for S\$600 on basis that the incorrect tax returns were made without any wilful intent to evade tax.</p> <p>c) On or around 13 June 2020, NPSCL published an advertisement on its website stating that a skincare product has certain therapeutic function(s). This violates Article 17 of the Advertising Law of China and NPSCL was fined RMB2,662 by the relevant authority in China.</p>	<p>Mr Yeo's responses under items (a) to (k) of Appendix 7F of Catalyst Rules of the SGX-ST are all "No".</p>

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MANU BHASKARAN	TAN TECK HUAT
Date of appointment	27 September 2023	27 September 2023
Date of last re-appointment (if applicable)	Not applicable	Not applicable
Age	65	62
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>Refer to the disclosures set out under "Board Diversity" and "Process for the selection, appointment and re-appointment of Directors" of the Corporate Governance Report in Annual Report 2023.</p> <p>The Board concurred with the Nominating and Remuneration Committee's recommendation for the re-appointment of Mr Manu Bhaskaran at the AGM.</p>	<p>Refer to the disclosures set out under "Board Diversity" and "Process for the selection, appointment and re-appointment of Directors" of the Corporate Governance Report in Annual Report 2023.</p> <p>The Board concurred with the Nominating and Remuneration Committee's recommendation for the re-appointment of Mr Tan Teck Huat at the AGM.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title	Independent Director Nominating and Remuneration Committee Chairman Audit and Risk Committee Member	Independent Director Audit and Risk Committee Member Nominating and Remuneration Committee Member
Professional qualifications	<p>Certified Financial Analyst, CFA Institute</p> <p>Master in Public Administration, Harvard University</p> <p>Master of Arts, University of Cambridge</p> <p>Bachelor of Arts (Hons), University of Cambridge</p>	Bachelor of Arts, University of Cambridge
Working experience and occupation(s) during the past 10 years	October 2001 to present: Director, Centennial Group Holdings LLC	<p>May 2021 to April 2023: Consultant</p> <p>January 2017 to April 2021: Director of Finance, QAF Limited</p> <p>March 2015 to December 2016: Director of Finance, JTrust Asia Pte Ltd</p> <p>October 2008 to February 2015: Chief Financial Officer, GuocoLand Limited</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MANU BHASKARAN	TAN TECK HUAT
Undertaking in the format set out in Appendix 7H under Catalist Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<p>Other principal commitments including directorships</p> <p>Past (for the last 5 years)</p>	<p>IFS Capital Limited</p> <p>Jebsen & Jessen Pte. Ltd.</p> <p>Luminor Pacific Fund 1 Ltd.</p> <p>Luminor Pacific Fund 2 Ltd.</p> <p>Minorcap Pte. Ltd.</p> <p>Shining Star Solutions and Services Private Limited (India)</p>	<p>Advisory Committee on Accounting Standards for Statutory Boards</p> <p>Central Provident Fund Board</p> <p>Auspeak Holdings Pte. Ltd.</p> <p>Bakers Maison Pte. Ltd.</p> <p>Ben Foods (S) Pte Ltd</p> <p>Bonjour Bakery Pte Ltd</p> <p>Farmland Central Bakery (S) Pte Ltd</p> <p>Gaoyuan Pte. Ltd.</p> <p>Gardenia (China) Holdings Pte. Ltd.</p> <p>Gardenia Foods (S) Pte Ltd</p> <p>Gardenia International (S) Pte. Ltd.</p> <p>Gardenia Investments Pte. Ltd.</p> <p>Hamsdale International Pte Ltd</p> <p>Lansdale Holdings Pte. Ltd.</p> <p>NCS Cold Stores (S) Pte Ltd</p> <p>Oxdale International Pte. Ltd.</p> <p>Oxdale Investments Pte. Ltd.</p> <p>Pacfi Pte. Ltd.</p> <p>QAF Agencies (S) Pte. Ltd.</p> <p>QAF Fruits Cold Store Pte Ltd</p> <p>QAF Limited</p> <p>Shinefoods Pte. Ltd.</p> <p>Bakers Maison Australia Pty Ltd</p> <p>Bakers Maison (M) Sdn. Bhd.</p> <p>Bakers Maison Pty Ltd</p> <p>Ben Foods (East Malaysia) Sdn Bhd</p> <p>Benfood International Trade (Shanghai) Co., Ltd</p> <p>Delicia Sdn Bhd</p> <p>Diamond Valley Pork Pty Limited</p> <p>Everyday Bakery and Confectionery Sdn Bhd</p> <p>Farmland Bakery (M) Sdn Bhd</p> <p>Gardenia Food (Fujian) Co., Ltd</p> <p>Gardenia Hong Kong Limited</p> <p>Gardenia Sales & Distribution Sdn Bhd</p> <p>Gardenia Trading (Fujian) Co., Ltd</p> <p>Millif Industries Sdn Bhd</p> <p>Oxdale Dairy Enterprise Pty Ltd</p> <p>Rivalea Pty Limited</p> <p>Vitabread Food Products Inc.</p>

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MANU BHASKARAN	TAN TECK HUAT
Present	Niks Professional Ltd. Centennial Asia Advisors Pte. Ltd. Japfa Ltd. Luminor Capital Pte. Ltd. Aspen Networks Inc Centennial Group Holdings LLC CIMB Investment Bank Berhad LCPL Partners VCC	Niks Professional Ltd. Niks Maple West Pte. Ltd. Cambridge Colleges Scholarships (Singapore) Ltd. Ezestream Singapore Pte. Ltd. Home Affairs Uniformed Services INVEST Fund
Information required pursuant to Catalist Rule 704(6) under items (a) to (k) of Appendix 7F of Catalist Rules of the SGX-ST (See below)	Mr Bhaskaran's responses under items (a) to (k) of Appendix 7F of the Catalist Rules of the SGX-ST are "No", except for item (k): Mr Bhaskaran was convicted on 3 counts under the Official Secrets Act on 31 March 1994. He was fined S\$2,000 on each count.	Mr Tan's responses under items (a) to (k) of Appendix 7F of Catalist Rules of the SGX-ST are all "No".

Items (a) to (k) of Appendix 7F of Catalist Rules of the SGX-ST:

- (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
- (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
- (c) Whether there is any unsatisfied judgment against him?
- (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?
- (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
- (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
- (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?

■ DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

- (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
- (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?
- (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–
 - i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
 - iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?
- (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

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NIKS PROFESSIONAL LTD.

Company Registration No. 199804609D
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING (“AGM”) PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT:

1. A proxy need not be a member of the Company.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies. Where such member's instruments appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be presented by each proxy shall be specified in the instrument (please see Note 2 for the definition of “relevant intermediary”).
3. For SRS investors who have used their SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS investors should contact their SRS operators if they have any queries regarding their appointment as proxies or appointment of the Chairman of the AGM as proxy.

4. PLEASE READ THE NOTES TO THE PROXY FORM.

[Personal data privacy](#)

By submitting an instrument appointing proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2024.

I/We, _____ (Name) _____ (NRIC/Passport No./Co Reg No.)

of _____ (Address)

being *a member/members of **NIKS PROFESSIONAL LTD.** (the “Company”), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address			

* and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as *my/our proxy to vote for *me/us on *my/our behalf at the AGM of the Company to be held at Lifelong Learning Institute, 11 Eunos Road 8, Level 4 (R1 Arena Room) Singapore 408601 on Friday, 26 April 2024 at 3.00 p.m. and at any adjournment thereof.

* I/We direct *my/our proxy to vote for, against or abstain from voting the Resolutions proposed at the AGM as indicated hereunder. **If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof.** In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as my/our proxy for that resolution will be treated as invalid.

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023			
2	Declaration of final dividend for the financial year ended 31 December 2023			
3	Re-election of Mr Cheng Shoong Tat as a Director			
4	Re-election of Mr Mark Andrew Yeo Kah Chong as a Director			
5	Re-election of Mr Manu Bhaskaran as a Director			
6	Re-election of Mr Tan Teck Huat as a Director			
7	Approval of directors' fees of S\$57,000 for the financial year ended 31 December 2023 and up to S\$114,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears			
8	Re-appointment of Grant Thornton Audit LLP as Auditors			
9	Authority to issue Shares			
10	Authority to grant options and issue Shares pursuant to the NIKS Employee Share Option Scheme			
11	Authority to grant awards and issue Shares pursuant to the NIKS Performance Share Plan			

Please indicate your vote “**For**” or “**Against**” with a tick [✓] within the box provided for each resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with a tick [✓] in the “**Abstain**” box provided in respect of that resolution.

Dated this _____ day of April 2024

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity.
2. SRS investors who wish to vote should approach their SRS operators to submit their votes at least seven (7) working days before the AGM (i.e.: by **16 April 2024**) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
 3. The proxy need not be a member of the Company.
 4. The instrument appointing the proxy (the **"Proxy Form"**) must be deposited at the Company's head office at **16 Kallang Place #03-27 Singapore 339156** or sent by email to: ir@nikspro.com, not less than forty-eight (48) hours before the time appointed for the AGM.

Members are strongly encouraged to submit completed proxy forms electronically via email.

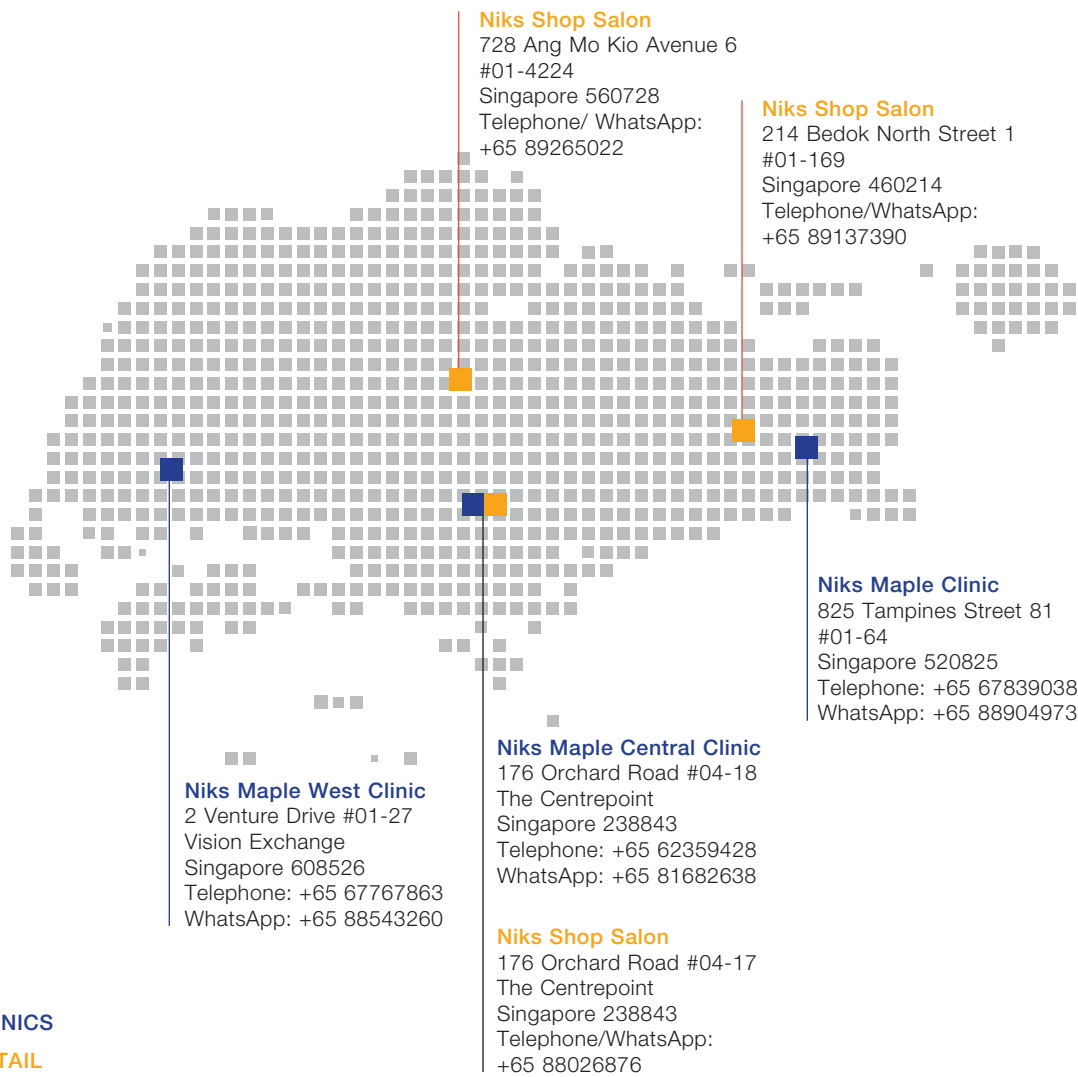
5. A member should insert the total number of shares held. If the member has shares entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the said Depository Register and registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
6. The Proxy Form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must (failing previous registration with the Company) be lodged with the Proxy Form; failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the AGM, as certified by CDP to the Company.
9. All members will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
10. Personal data privacy: By submitting an instrument appointing the proxy(ies) (other than the Chairman of the AGM) or Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, all members accept and agree to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2024.

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OUR CLINICS AND SHOP SALONS

Our clinics and outlets are located strategically across Singapore as follow:



Niks Professional's suite of medical skincare products comprises more than 100 unique proprietary items under 5 broad categories:

- (1) body care, sun care and camouflage;
- (2) dry and sensitive skin;
- (3) general skincare;
- (4) oily, combination and acne-prone skin;
- and (5) pigmentation, photo-damage and anti-aging.



www.nikspro.com

NIKS PROFESSIONAL LTD.

(Company Registration Number: 199804609D)

Registered office: 825 Tampines Street 81 #01-64, Singapore 520825

Head office: 16 Kallang Place #03-27 Singapore 339156

Telephone: (65) 6294 1802 / 2136

Email: ir@nikspro.com