

**NOTES TO THE FINANCIAL REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements (Condensed Report) is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard (MFRS) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2022.

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

MFRSs and Amendments to MFRSs	Effective for annual period beginning on or after
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	January 1, 2024
Amendments to MFRS 10 Sale or Contribution of Assets between an investor and its Associate or Joint Venture and MFRS 128	Deferred to a date to be determined and announced

During the current financial year, the Group has adopted all the new and revised MFRSs and IC Interpretation that are relevant and effective for an accounting period that begins on or after January 1, 2023 as follows:

- MFRS 17 : Insurance Contracts
- Amendments to MFRS 17 : Insurance Contracts
- Amendments to MFRS 17 : Initial Application of MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments – Comparative Information
- Amendments to MFRS 4 : Extension of the Temporary Exemption from Applying MFRS 9 Financial Instruments
- Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 and MFRS Practice Statement 2 : Disclosure of Accounting Policies
- Amendments to MFRS 108 : Definition of Accounting Estimates
- Amendments to MFRS 112 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these new and revised MFRSs and IC Interpretation does not have any material impact on the amounts reported in the financial statements of the Group in the current and previous financial year.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements was not subject to any qualification.

3. SEASONAL OR CYCLICAL FACTORS

The Group serves a wide base of multi-national companies in the consumer and industrial electrical and electronic appliances industries. The demand for the Group's products in the normal course of event is seasonal with demand peaking during the third quarter of the year.

4. UNUSUAL MATERIAL EVENT

There was no unusual material event during the reporting quarter.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amount from either the prior interim period or prior financial years.

6. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the reporting period except the issuance of 658,900 new ordinary shares for cash pursuant to the Employees' Share Option Scheme of the Company at exercise price ranging from RM1.57 to RM2.95 per ordinary shares.

7. DIVIDENDS PAID

	9 months ended September 30	
	2023	2022
	RM'000	RM'000
Interim tax exempt dividend of 9 Sen per share, for 2021	-	40,754
Final tax exempt dividend of 11 Sen per share, for 2021	-	49,826
Interim tax exempt dividend of 12 Sen per share, for 2022	54,710	-
Second interim tax exempt dividend of 13 Sen per share and a special interim tax exempt dividend of 5 Sen per share, for 2022	82,156	-
First interim single-tier dividend of 8 Sen per share, for 2023	36,524	-
	173,390	90,580

8. REVENUE

	9 months ended September 30		9 months ended September 30	
	2023	2022	2023	2022
	RM'000	RM'000	USD'000	USD'000
Revenue	178,131	159,755	39,683	37,099

	3 months ended September 30		3 months ended September 30	
	2023	2022	2023	2022
	RM'000	RM'000	USD'000	USD'000
Revenue	62,887	54,680	13,607	12,351

9. SEGMENT INFORMATION

Segment revenue and results

	Investment holding	Manufacturing	Trading	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended September 30, 2023					
Revenue					
External sales	-	178,131	-	-	178,131
Inter-segment sales	81,107	-	943	(82,050)	-
Total revenue	81,107	178,131	943	(82,050)	178,131
Results					
Profit/(loss) before tax	79,178	125,983	193	(79,864)	125,490
Income tax expense	(426)	(25,425)	(50)	-	(25,901)
Net profit/(loss) for the year	78,752	100,558	143	(79,864)	99,589

Segment revenue and results

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
9 months ended September 30, 2022					
Revenue					
External sales	-	159,755	-	-	159,755
Inter-segment sales	1,319	-	741	(2,060)	-
Total revenue	1,319	159,755	741	(2,060)	159,755
Results					
Profit/(loss) before tax	(1,401)	96,029	(52)	(44)	94,532
Income tax expense	(179)	(2,221)	41	-	(2,359)
Net profit/(loss) for the year	(1,580)	93,808	(11)	(44)	92,173

Segment assets and liabilities

9 months ended September 30, 2023

Assets

Segment assets	144,766	189,367	9,621	(95,945)	247,809
Income tax asset	172	70	36	-	278
Consolidated total assets	144,938	189,437	9,657	(95,945)	248,087

Liabilities

Segment liabilities	1,809	69,347	248	(38,849)	32,555
Income tax liabilities	284	12,676	38	273	13,271

Consolidated total

liabilities	2,093	82,023	286	(38,576)	45,826
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Revenue from major products and services

	9 months ended September 30	
	2023 RM'000	2022 RM'000
Art-of-Living segment	160,695	141,775
Biotechnology segment	17,419	16,987
Others	17	993
	178,131	159,755

Geographical information

	9 months ended September 30	
	2023 RM'000	2022 RM'000
Europe	173,515	156,107
Asia Pacific	3,286	2,162
United States of America	1,330	1,486
	178,131	159,755

Information about the Group's assets by locations are detailed below:

	RM'000
9 months ended September 30, 2023	
Malaysia	221,335
People's Republic of China	26,752
	248,087

Information about the Group's liabilities by locations are detailed below:

	RM'000
9 months ended September 30, 2023	
Malaysia	44,151
People's Republic of China	1,675
	<u>45,826</u>

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the group have been brought forward without amendments from the financial statements for the year ended December 31, 2022.

11. MATERIAL SUBSEQUENT EVENT

There was no significant or material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets arising since December 31, 2022.

14. PERFORMANCE REVIEW

The Group's revenue in RM and Profit Before Tax for the quarter ended September 30, 2023 increased by 15% and 26% to RM62.9 million and RM42.3 million as compared to that of the quarter ended September 30, 2022 (Revenue: RM54.7 million; Profit Before Tax: RM33.4 million) mainly due to higher demand for the Group's products and services and the appreciation of USD against Ringgit Malaysia during the reporting quarter. (September 30, 2023: RM4.6217:USD1.00; September 30, 2022: RM4.4272:USD1.00)

Income tax expenses for the period ended September 30, 2023 increased to RM25.9 million due to an increase in income generated from non-pioneer products.

There were no significant changes to the cost structure as material consumption made up the highest percentage of the Group's expenditure at 67%, followed by employee benefit expenses at 20%, and depreciation and amortization at 4%.

15. FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Current Quarter	Immediate Preceding Quarter	Changes
	September 30, 2023	June 30, 2023	
	RM'000	RM'000	%
Revenue	62,887	57,812	9
Operating profit	40,493	35,633	14
Profit before tax	42,280	37,196	14
Profit after tax	33,416	28,373	18

The Group recorded a Profit before tax of RM42.3 million for the current quarter as compared to RM37.2 million in the immediate preceding quarter ended June 30, 2023 mainly due to:

- a) increase in demand for the Group's products and services (Revenue for 3 months ended September 30, 2023: USD13.6 million; June 30, 2023: USD12.9 million); and
- b) appreciation of USD against Ringgit Malaysia during the reporting period (September 30, 2023: RM4.6217:USD1.00; June 30, 2023: RM4.4819:USD1.00).

16. COMMENTARY ON CURRENT YEAR PROSPECT

Barring any unforeseen impacts, the Group is cautiously optimistic that USD revenue for FY2023 is expected to grow at around a high single-digit rate compared to FY2022.

The Group anticipates no significant changes in the geographical distribution and the revenue contribution ratio of product groups, even though performance might be affected by factors such as fluctuations in the USD, material shortages, and changes in material and labor costs.

Nonetheless, the Group maintains confidence in sustaining profitability with a strong balance sheet.

17. VARIANCE OF ACTUAL AND FORECASTED PROFIT AND SHORTFALL IN PROFIT GUARANTEE

Not applicable.

18. INCOME TAX EXPENSES

	3 months ended September 30		9 months ended September 30	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Estimated tax expense:				
Current	<u>8,864</u>	<u>934</u>	<u>25,901</u>	<u>2,359</u>

The Group income tax for the period under review reflects an effective tax rate that is lower than the statutory income tax rate mainly due to the following reasons:

- i. The gain on disposal of assets held for sale is not subject to income tax; and
- ii. A subsidiary company was granted pioneer status for certain products manufactured by the subsidiary company as mentioned below.

On January 9, 2023, one of the subsidiary companies, Uchi Optoelectronic (M) Sdn. Bhd. was granted pioneer status by the Ministry of International Trade and Industry (MITI) for the design, development and manufacture of configurable presence and distance sensing time-of-flight (CPDS-ToF) module. Under this incentive, upon certain terms and conditions being fulfilled, 100% of the statutory income derived from the design, development and manufacture of the aforesaid products will be exempted from income tax for a period of five years commencing from the production day which will be fixed by the authorities at a later date.

The applicable statutory income tax rate of the foreign subsidiary company incorporate in the People's Republic of China is 25%.

19. OTHER INCOME

	3 months ended September 30		9 months ended September 30	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gain on disposal of assets held for sale	-	-	11,323	-
Interest on short-term deposits	1,846	990	5,408	2,273
Net foreign exchange gain/ (loss)	149	3,776	4,415	7,534
Gain/ (loss) on disposal of property, plant and equipment	96	(1)	94	13
Gain/ (loss) on termination of right-of-use assets	-	-	-	1
Miscellaneous income	273	289	946	790
	<u>2,364</u>	<u>5,054</u>	<u>22,186</u>	<u>10,611</u>

20. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT YET TO BE COMPLETED

There were no corporate proposals announced but yet to be completed as of November 17, 2023.

21. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of September 30, 2023.

22. FINANCIAL INSTRUMENTS

As of September 30, 2023, the foreign currency forward contracts, which the Group had entered into to sell and remain outstanding is USD20,600,000 at approximately RM4.4801 per United States Dollar. The settlement will complete in September 2024.

As of September 30, 2023, the outstanding forward contracts are as follows:

Type of Derivatives	Contract Value USD'000	Notional Value RM'000	Fair Value (favourable) RM'000
Foreign Currency Forward Contracts			
- Less than 1 year	20,600	92,290	(3,220)

Summary of the gains / (losses) arising from the fair value changes of financial assets was as follow:

Type of Financial Assets	Individual 3 months ended September 30 RM'000	Cumulative 9 months ended September 30 RM'000
Foreign Currency Forward Contracts		
- Realised gain / (loss)	(1,523)	(2,203)
- Unrealised gain / (loss)	946	(3,220)

The above foreign currency forward contracts were entered into by the Group to minimize its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. In line with the Group's Forward Contract Management Policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed the net exposure value. The cash requirement for settling these foreign currency forward contracts is solely from the Group's working capital. These derivatives and their underlying exposures will be monitored on an on-going basis.

Foreign Currency Forward Contracts are stated at fair value, which is equivalent to the marking of the Foreign Currency Forward Contracts to market, using prevailing market rate. Foreign Currency Forward Contracts with positive market values (unrealised gain) are included under current assets and Foreign Currency Forward Contracts with negative market values (unrealised losses) are included under current liabilities in the statement of financial position.

23. MATERIAL LITIGATION

There was no material litigation pending since December 31, 2022.

24. DIVIDENDS DECLARED OR PAYABLE

A second interim dividend of 13 Sen per share, exempt from income tax and a special interim dividend of 5 Sen per share, exempt from income tax for the year ended December 31, 2022, has been paid on May 26, 2023 to depositors registered in the Record of Depositors at the closed of business on May 15, 2023.

A first interim single-tier dividend of 8 Sen per share for the year ending December 31, 2023, has been paid on September 27, 2023 to depositors registered in the Record of Depositors at the closed of business on September 12, 2023.

As of the date of this announcement, the Board of Directors declared a second interim single-tier dividend of 9 Sen per share, for the year ending December 31, 2023. The dates of the entitlement and payment for the aforesaid dividend are on December 12, 2023 and December 28, 2023 respectively.

25. TRADE AND OTHER RECEIVABLES

	9 months ended September 30
	RM'000
Trade receivables	19,372
Interest receivable	982
Other receivables	3
	<u>20,357</u>

The average credit periods granted to trade receivables on sale of goods range from 30 to 45 days. No interest is charged on trade receivables outstanding balance.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing analysis of trade receivables:

	9 months ended September 30
	RM'000
Neither past due nor impaired	16,839
1 to 30 days past due but not impaired	2,112
31 to 60 days past due but not impaired	419
61 to 90 days past due but not impaired	2
	<u>19,372</u>

26. EARNINGS PER SHARE

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	3 months ended September 30		9 months ended September 30	
	2023	2022	2023	2022
	'000	'000	'000	'000
Profit for the period attributable to owners of the Company (RM)	33,416	32,513	99,589	92,173
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	456,041	452,882	456,253	452,917
Basic earnings per share (sen)	<u>7.33</u>	<u>7.18</u>	<u>21.83</u>	<u>20.35</u>

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	3 months ended September 30		9 months ended September 30	
	2023	2022	2023	2022
	'000	'000	'000	'000
Profit for the period attributable to owners of the Company (RM)	33,416	32,513	99,589	92,173
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	456,041	452,882	456,253	452,917
Shares deemed to be issued for no consideration in respect of employee share options (unit)	-	-	4,398	3,260
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	<u>456,041</u>	<u>452,882</u>	<u>460,651</u>	<u>456,177</u>
Diluted earnings per share (sen)	<u>7.33</u>	<u>7.18</u>	<u>21.62</u>	<u>20.21</u>