

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 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	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 3,736,000 new ordinary shares for cash pursuant to the Employees' Share Option Scheme of the Company at exercise price ranging from RM1.57 to RM3.12 per ordinary share.

7. DIVIDENDS PAID

	12 months ended December 31	
	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	54,711	-
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	-
Second interim single-tier dividend of 9 Sen per share, for 2023	41,343	-
	<u>214,734</u>	<u>90,580</u>

8. REVENUE

	12 months ended December 31		12 months ended December 31	
	2023	2022	2023	2022
	RM'000	RM'000	USD'000	USD'000
Revenue	<u>242,516</u>	<u>214,320</u>	<u>53,389</u>	<u>48,924</u>

	3 months ended December 31		3 months ended December 31	
	2023	2022	2023	2022
	RM'000	RM'000	USD'000	USD'000
Revenue	<u>64,385</u>	<u>54,565</u>	<u>13,706</u>	<u>11,825</u>

9. SEGMENT INFORMATION

Segment revenue and results

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
12 months ended December 31, 2023					
Revenue					
External sales	-	242,516	-	-	242,516
Inter-segment sales	161,424	-	1,312	(162,736)	-
Total revenue	<u>161,424</u>	<u>242,516</u>	<u>1,312</u>	<u>(162,736)</u>	<u>242,516</u>
Results					
Profit/(loss) before tax	159,479	169,035	242	(159,925)	168,831
Income tax expense	(368)	(33,182)	(59)	9	(33,600)
Net profit/(loss) for the year	<u>159,111</u>	<u>135,853</u>	<u>183</u>	<u>(159,916)</u>	<u>135,231</u>

Segment revenue and results

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
12 months ended December 31, 2022					
Revenue					
External sales	-	214,320	-	-	214,320
Inter-segment sales	141,754	-	1,012	(142,766)	-
Total revenue	141,754	214,320	1,012	(142,766)	214,320
Results					
Profit/(loss) before tax	138,577	129,333	96	(140,064)	127,942
Income tax expense	(245)	(2,871)	24	9	(3,083)
Net profit/(loss) for the year	138,332	126,462	120	(140,055)	124,859

Segment assets and liabilities

12 months ended December 31, 2023

Assets					
Segment assets	189,116	205,905	9,694	(162,488)	242,227
Income tax asset	348	86	55	-	489
Consolidated total assets	189,464	205,991	9,749	(162,488)	242,716
Liabilities					
Segment liabilities	1,691	135,046	319	(105,372)	31,684
Income tax liabilities	171	8,017	18	265	8,471
Consolidated total liabilities	1,862	143,063	337	(105,107)	40,155

Revenue from major products and services

	12 months ended December 31	
	2023	2022
	RM'000	RM'000
Art-of-Living segment	220,196	188,851
Biotechnology segment	22,300	24,462
Others	20	1,007
	242,516	214,320

Geographical information

	12 months ended December 31	
	2023	2022
	RM'000	RM'000
Europe	237,054	208,874
Asia Pacific	3,906	3,775
United States of America	1,556	1,671
	242,516	214,320

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

	RM'000
12 months ended December 31, 2023	
Malaysia	212,726
People's Republic of China	29,990
	242,716

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

	RM'000
12 months ended December 31, 2023	
Malaysia	38,347
People's Republic of China	1,808
	<u>40,155</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 year ended December 31, 2023 increased by 13% and 32% to RM242.5 million and RM168.8 million as compared to that of the year ended December 31, 2022 (Revenue: RM214.3 million; Profit Before Tax: RM127.9 million) mainly due to:

- a) higher demand for the Group's products and services;
- b) the appreciation of USD against Ringgit Malaysia during the reporting period. (December 31, 2023: RM4.5424:USD1.00; December 31, 2022: RM4.3807:USD1.00); and
- c) gain of RM11.3 million arising from disposal of assets held for sale.

Income tax expenses for the year ended December 31, 2023 increased to RM33.6 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 66%, 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
	December 31, 2023	September 30, 2023	
	RM'000	RM'000	%
Revenue	64,385	62,887	2
Operating profit	42,060	40,493	4
Profit before tax	43,341	42,280	3
Profit after tax	35,642	33,416	7

The Group recorded a Profit before tax of RM43.3 million for the current quarter as compared to RM42.3 million in the immediate preceding quarter ended September 30, 2023 mainly due to:

- a) increase in demand for the Group's products and services (Revenue for 3 months ended December 31, 2023: USD13.7 million; September 30, 2023: USD13.6 million); and
- b) appreciation of USD against Ringgit Malaysia during the reporting period (December 31, 2023: RM4.6976:USD1.00; September 30, 2023: RM4.6217:USD1.00).

16. COMMENTARY ON CURRENT YEAR PROSPECT

Based on the forecast and orders received, barring any unforeseen impacts, the Group anticipates a mid-single digit decline in USD revenue for FY2024.

The Group expects 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		12 months ended	
	December 31		December 31	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Estimated tax expense:				
Current	<u>7,699</u>	<u>724</u>	<u>33,600</u>	<u>3,083</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		12 months ended	
	December 31		December 31	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of assets held for sale	-	-	11,323	-
Interest on short-term deposits	1,964	1,380	7,372	3,653
Net foreign exchange gain/ (loss)	(1,852)	(3,418)	2,563	4,116
Gain/ (loss) on disposal of property, plant and equipment	32	-	126	13
Gain/ (loss) on termination of right-of-use assets	-	-	-	1
Miscellaneous income	326	237	1,272	1,027
	<u>470</u>	<u>(1,801)</u>	<u>22,656</u>	<u>8,810</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 February 20, 2024.

21. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of December 31, 2023.

22. FINANCIAL INSTRUMENTS

As of December 31, 2023, the foreign currency forward contracts, which the Group had entered into to sell and remain outstanding is USD21,000,000 at approximately RM4.5386 per United States Dollar. The settlement will complete in December 2024.

As of December 31, 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	21,000	95,311	(286)

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 December 31 RM'000	Cumulative 12 months ended December 31 RM'000
Foreign Currency Forward Contracts		
- Realised gain / (loss)	(2,123)	(4,326)
- Unrealised gain / (loss)	2,934	(286)

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 ended 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.

A second interim single-tier dividend of 9 Sen per share, for the year ended December 31, 2023, has been paid on December 28, 2023 to depositors registered in the Record of Depositors at the closed of business on December 12, 2023.

As of the date of this announcement, the Board of Directors declared and proposed:

- a) a third interim dividend of 5 Sen per share, exempt from income tax for the year ended December 31, 2023. The dates of the entitlement and payment for the aforesaid dividend are on March 13, 2024 and March 27, 2024 respectively; and
- b) a final single-tier dividend of 7.5 Sen per share, for the year ended December 31, 2023. The date of the entitlement and payment for the aforesaid dividend shall be determined by the Board of Directors at a later date. The final dividend will be tabled at the forthcoming Annual General Meeting for the shareholders' approval.

25. TRADE AND OTHER RECEIVABLES

	12 months ended December 31 RM'000
Trade receivables	16,055
Interest receivable	659
Other receivables	2
	<u><u>16,716</u></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:

	12 months ended December 31 RM'000
Neither past due nor impaired	13,705
1 to 30 days past due but not impaired	2,127
31 to 60 days past due but not impaired	221
More than 120 days past due but not impaired	2
	<u><u>16,055</u></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 December 31		12 months ended December 31	
	2023 '000	2022 '000	2023 '000	2022 '000
Profit for the period attributable to owners of the Company (RM)	35,642	32,686	135,231	124,859
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	456,249	453,289	456,580	453,386
Basic earnings per share (sen)	<u><u>7.81</u></u>	<u><u>7.21</u></u>	<u><u>29.62</u></u>	<u><u>27.54</u></u>

Diluted earnings per share

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

	3 months ended		12 months ended	
	December 31		December 31	
	2023	2022	2023	2022
	'000	'000	'000	'000
Profit for the period attributable to owners of the Company (RM)	35,642	32,686	135,231	124,859
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	456,249	453,289	456,580	453,386
Shares deemed to be issued for no consideration in respect of employee share options (unit)	-	-	3,144	3,024
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	456,249	453,289	459,724	456,410
Diluted earnings per share (sen)	7.81	7.21	29.42	27.36