

**NOTES TO THE FINANCIAL REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2024**

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, 2023.

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 121 Lack of Exchangeability	January 1, 2025
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, 2024 as follows:

- Amendments to MFRS 16 : Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 : Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7 : Supplier Finance Arrangements

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 business 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 1,393,000 new ordinary shares for cash pursuant to the Employees' Share Option Scheme of the Company at exercise price ranging from RM1.57 to RM3.21 per ordinary share.

7. DIVIDENDS PAID

	9 months ended September 30	
	2024	2023
	RM'000	RM'000
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
Third interim tax exempt dividend of 5 Sen per share, for 2023	22,996	-
Final single-tier dividend of 7.5 Sen per share, for 2023	34,563	-
First interim single-tier dividend of 6.5 Sen per share, for 2024	29,967	-
	87,526	173,390

8. REVENUE

	9 months ended September 30		9 months ended September 30	
	2024	2023	2024	2023
	RM'000	RM'000	USD'000	USD'000
Revenue	176,730	178,131	37,938	39,683

	3 months ended September 30		3 months ended September 30	
	2024	2023	2024	2023
	RM'000	RM'000	USD'000	USD'000
Revenue	55,453	62,887	12,121	13,607

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, 2024					
Revenue					
External sales	-	176,730	-	-	176,730
Inter-segment sales	50,912	11,661	1,049	(63,622)	-
Total revenue	50,912	188,391	1,049	(63,622)	176,730
Results					
Profit/(loss) before tax	50,105	113,892	(3)	(49,966)	114,028
Income tax expense	(345)	(21,144)	(22)	-	(21,511)
Net profit/(loss) for the year	49,760	92,748	(25)	(49,966)	92,517

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, 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 assets and liabilities

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
9 months ended September 30, 2024					
Assets					
Segment assets	155,681	167,990	9,858	(99,570)	233,959
Income tax asset	348	291	78	-	717
Consolidated total assets	156,029	168,281	9,936	(99,570)	234,676

Segment assets and liabilities

Liabilities					
Segment liabilities	1,493	64,571	544	(42,116)	24,492
Income tax liabilities	71	612	-	265	948
Consolidated total liabilities	1,564	65,183	544	(41,851)	25,440

Revenue from major products and services

	9 months ended September 30	
	2024 RM'000	2023 RM'000
Art-of-Living segment	165,287	160,695
Biotechnology segment	11,435	17,419
Others	8	17
	176,730	178,131

Geographical information

	9 months ended September 30	
	2024 RM'000	2023 RM'000
Europe	174,003	173,515
Asia Pacific	2,219	3,286
United States of America	508	1,330
	176,730	178,131

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

	RM'000
9 months ended September 30, 2024	
Malaysia	206,725
People's Republic of China	27,951
	<u>234,676</u>

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

	RM'000
9 months ended September 30, 2024	
Malaysia	23,569
People's Republic of China	1,871
	<u>25,440</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, 2023.

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, 2023.

14. PERFORMANCE REVIEW

For the current financial quarter under review, the Group's revenue in Ringgit Malaysia (RM) decreased by 12% from RM62.9 million to RM55.5 million, compared to the quarter ended September 30, 2023. This decline was primarily driven by the depreciation of United States Dollar (USD) against RM during the reporting period (September 30, 2024: RM4.5750:USD1.00; September 30, 2023: RM4.6217:USD1.00) and the lower sales demand for the Group's products and services.

In tandem with the decline in revenue and coupled with an unfavorable net foreign exchange loss in the current quarter, the Group experienced a 19% decrease in profit before taxation for the reporting quarter (September 30, 2024: RM34.4 million; September 30, 2023: RM42.3 million).

There were no significant changes to the cost structure as material consumption made up the highest percentage of the Group's expenditure at 64%, followed by employee benefit expenses at 23%, and depreciation and amortization at 5%.

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

	Current Quarter	Immediate Preceding Quarter	Changes
	September 30, 2024	June 30, 2024	
	RM'000	RM'000	%
Revenue	55,453	59,058	(6)
Operating profit	35,600	37,974	(6)
Profit before tax	34,404	39,559	(13)
Profit after tax	28,298	32,170	(12)

The Group recorded a Profit before tax of RM34.4 million for the current quarter as compared to RM39.6 million in the immediate preceding quarter ended June 30, 2024 mainly due to:

- a) Decrease in demand for the Group's products and services (Revenue for 3 months ended September 30, 2024: USD12.1 million; June 30, 2024: USD12.5 million);
- b) The depreciation of USD against RM during the reporting period (September 30, 2024: RM4.5750:USD1.00; June 30, 2024: RM4.7243:USD1.00); and
- c) Unfavorable net foreign exchange loss.

16. COMMENTARY ON CURRENT YEAR PROSPECT

Based on the forecast and orders received, barring any unforeseen impacts, the Group anticipates a high-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		9 months ended	
	September 30		September 30	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Estimated tax expense:				
Current	<u>6,106</u>	<u>8,864</u>	<u>21,511</u>	<u>25,901</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 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 January 1, 2023.

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

19. OTHER (EXPENSES)/ INCOME

	3 months ended		9 months ended	
	September 30		September 30	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of assets held for sale	-	-	-	11,323
Interest on short-term deposits	1,815	1,846	5,637	5,408
Net foreign exchange gain/ (loss)	(11,428)	149	(9,231)	4,415
Gain/ (loss) on disposal of property, plant and equipment	(2)	96	355	94
Miscellaneous income	342	273	960	946
	<u>(9,273)</u>	<u>2,364</u>	<u>(2,279)</u>	<u>22,186</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 19, 2024.

21. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of September 30, 2024.

22. FINANCIAL INSTRUMENTS

As of September 30, 2024, the foreign currency forward contracts, which the Group had entered into to sell and remain outstanding is USD19,300,000 at approximately RM4.3966 per United States Dollar. The settlement will complete in September 2025.

As of September 30, 2024, 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	19,300	84,854	5,979

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)	1,127	(1,391)
- Unrealised gain / (loss)	<u>6,950</u>	<u>5,979</u>

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, 2023.

24. DIVIDENDS DECLARED OR PAYABLE

A third interim dividend of 5 Sen per share, exempt from income tax for the year ended December 31, 2023, has been paid on March 27, 2024 to depositors registered in the Record of Depositors at the closed of business on March 13, 2024.

A final single-tier dividend of 7.5 Sen per share, for the year ended December 31, 2023, has been paid on June 26, 2024 to depositors registered in the Record of Depositors at the closed of business on June 10, 2024.

A first interim single-tier dividend of 6.5 Sen per share, for the year ending December 31, 2024, has been paid on September 26, 2024 to depositors registered in the Record of Depositors at the closed of business on September 9, 2024.

As of the date of this announcement, the Board of Directors declared a second interim single-tier dividend of 8 Sen per share, for the year ending December 31, 2024. The dates of the entitlement and payment for the aforesaid dividend are on December 11, 2024 and December 27, 2024 respectively.

25. TRADE AND OTHER RECEIVABLES

	9 months ended September 30
	RM'000
Trade receivables	10,666
Interest receivable	602
Other receivables	1
	<u><u>11,269</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:

	9 months ended September 30
	RM'000
Neither past due nor impaired	8,411
1 to 30 days past due but not impaired	1,260
31 to 60 days past due but not impaired	736
61 to 90 days past due but not impaired	259
	<u><u>10,666</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		9 months ended	
	September 30		September 30	
	2024	2023	2024	2023
	'000	'000	'000	'000
Profit for the period attributable to owners of the Company (RM)	28,298	33,416	92,517	99,589
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	459,978	456,041	460,363	456,253
Basic earnings per share (sen)	6.15	7.33	20.10	21.83

Diluted earnings per share

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

	3 months ended		9 months ended	
	September 30		September 30	
	2024	2023	2024	2023
	'000	'000	'000	'000
Profit for the period attributable to owners of the Company (RM)	28,298	33,416	92,517	99,589
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	459,978	456,041	460,363	456,253
Shares deemed to be issued for no consideration in respect of employee share options (unit)	-	-	4,647	4,398
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	459,978	456,041	465,010	460,651
Diluted earnings per share (sen)	6.15	7.33	19.90	21.62