



**HAI-O ENTERPRISE BHD**  
**Registration No: 197501000919 (22544-D)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**30 April 2021**



**HAI-O ENTERPRISE BHD ( Reg.No. 197501000919 (22544-D))**

Quarterly report on consolidated results for the financial year ended 30 April 2021  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE QUARTER ENDED 30 APRIL 2021**

	INDIVIDUAL PERIOD (4th Quarter)		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/04/2021	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2020	CURRENT YEAR TO DATE 30/04/2021	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2020 (Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	66,777	53,703	271,389	255,174
Cost of sales	(39,947)	(30,748)	(166,222)	(155,801)
Gross Profit	26,830	22,955	105,167	99,373
Other income	1,513	2,965	5,260	5,793
Depreciation	(1,548)	(1,910)	(6,321)	(6,610)
Administrative expenses	(8,019)	(6,370)	(22,655)	(23,892)
Selling & distribution expenses	(5,610)	(4,995)	(26,831)	(30,211)
Other expenses	(1,820)	(1,881)	(2,670)	(3,526)
<b>Operating Profit</b>	<b>11,346</b>	<b>10,764</b>	<b>51,950</b>	<b>40,927</b>
Finance income	158	212	691	980
Finance costs	(57)	(144)	(271)	(361)
Share of profit/(loss) of equity-accounted investee, net of tax	(13)	(42)	(38)	(29)
Profit before tax	11,434	10,790	52,332	41,517
Tax expenses	(3,070)	(1,188)	(13,085)	(9,198)
<b>Profit after tax</b>	<b>8,364</b>	<b>9,602</b>	<b>39,247</b>	<b>32,319</b>
<b>Profit attributable to:</b>				
Owners of the parent	8,227	9,916	39,124	32,576
Non-controlling interest	137	(314)	123	(257)
	8,364	9,602	39,247	32,319
<b>Earnings Per Share attributable to equity holders of the parent</b>				
- Basic	2.84	3.42	13.50	11.22
- Diluted	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.



## HAI-O ENTERPRISE BHD ( Reg.No. 197501000919 (22544-D))

Quarterly report on consolidated results for the financial year ended 30 April 2021  
The figures have not been audited.

### CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 APRIL 2021

	INDIVIDUAL PERIOD (4th Quarter)		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/04/2021	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2020	CURRENT YEAR TO DATE 30/04/2021	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2020 (Audited)
	RM'000	RM'000	RM'000	RM'000
Profit for the year	8,364	9,602	39,247	32,319
Other comprehensive income				
- Foreign currency translation differences for foreign operations	(481)	(8)	128	213
Total comprehensive Income for the year	7,883	9,594	39,375	32,532
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	7,746	9,908	39,252	32,789
Non-controlling Interest	137	(314)	123	(257)
	7,883	9,594	39,375	32,532

*The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.*


**HAI-O ENTERPRISE BHD ( Reg.No. 197501000919 (22544-D))**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2021**

	AS AT CURRENT FINANCIAL QUARTER ENDED 30/04/2021 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/4/2020 (RM'000) (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Property, Plant and Equipment</i>	84,591	86,512
<i>Investment properties</i>	44,175	45,068
<i>Right-of-use assets</i>	11,069	12,027
<i>Investment in jointly control entity</i>	2,120	2,158
<i>Investment in an associates</i>	-	-
<i>Other Investments</i>	12	12
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	852	1,181
<i>Deferred tax assets</i>	3,302	2,060
	<b>146,206</b>	<b>149,103</b>
<b>Current Assets</b>		
<i>Inventories</i>	89,270	93,331
<i>Trade and other receivables</i>	21,684	23,401
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	58,904	37,920
<i>Cash and Cash Equivalents</i>	54,278	57,964
	<b>224,136</b>	<b>212,616</b>
<b>TOTAL ASSETS</b>	<b>370,342</b>	<b>361,719</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
<i>Share capital</i>	157,257	157,257
<i>Treasury Shares</i>	(26,685)	(24,158)
<i>Other reserves</i>	902	1,093
<i>Retained earnings</i>	181,591	165,394
	<b>313,065</b>	<b>299,586</b>
<b>Non-controlling interest</b>	<b>10,347</b>	<b>10,603</b>
<b>Total Equity</b>	<b>323,412</b>	<b>310,189</b>
<b>Non-current Liabilities</b>		
<i>Borrowings</i>	-	-
<i>Lease Liabilities</i>	2,561	3,435
<i>Deferred tax</i>	349	437
	<b>2,910</b>	<b>3,872</b>
<b>Current Liabilities</b>		
<i>Trade &amp; other payables</i>	37,033	44,106
<i>Short term borrowings</i>	-	-
<i>Short-term provisions</i>	987	698
<i>Lease Liabilities</i>	1,579	1,621
<i>Contract Liabilities</i>	922	1,225
<i>Current tax payables</i>	3,499	8
	<b>44,020</b>	<b>47,658</b>
<b>Total Liabilities</b>	<b>46,930</b>	<b>51,530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>370,342</b>	<b>361,719</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.08	1.03

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.



HAI-O ENTERPRISE BHD ( Reg.No. 197501000919 (22544-D))

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 APRIL 2021

	Attributable to Equity Holders of the Parent					Distributable Retained Earnings	Total	Non-controlling interest	Total Equity
	Share Capital	Treasury shares	Exchange fluctuation reserve	Capital reserve	Share option reserve				
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
<b>12-month ended 30 April 2021</b>									
Balance as at 1 May 2020	157,257	(24,158)	(90)	657	526	165,394	299,586	10,603	310,189
Profit for the year	-	-	-	-	-	39,124	39,124	123	39,247
Other comprehensive income for the period	-	-	(128)	-	-	-	(128)	-	(128)
Total comprehensive income for the period	-	-	(128)	-	-	39,124	38,996	123	39,119
Acquisition of additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	183	183	(278)	(95)
Dividend	-	-	-	-	-	(23,173)	(23,173)	(101)	(23,274)
Purchase of Company's own shares	-	(2,527)	-	-	-	-	(2,527)	-	(2,527)
Share option forfeited	-	-	-	-	(63)	63	-	-	-
<b>Balance at end of financial year</b>	<b>157,257</b>	<b>(26,685)</b>	<b>(218)</b>	<b>657</b>	<b>463</b>	<b>181,591</b>	<b>313,065</b>	<b>10,347</b>	<b>323,412</b>
<b>12-month ended 30 April 2020</b>									
Balance as at 1 May 2019	157,257	(24,053)	(303)	657	597	176,064	310,219	10,456	320,675
Initial application of MFRSs adjustments	-	-	-	-	-	(67)	(67)	-	(67)
Profit for the year	-	-	-	-	-	32,576	32,576	(257)	32,319
Other comprehensive income for the year	-	-	213	-	-	-	213	-	213
Total comprehensive income for the year	-	-	213	-	-	32,576	32,789	(257)	32,532
Acquisition of additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	299	299	(578)	(279)
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	400	400
Minority shareholders of disposed subsidiaries	-	-	-	-	-	-	-	800	800
Dividend	-	-	-	-	-	(43,549)	(43,549)	(218)	(43,767)
Purchase of Company's own shares	-	(105)	-	-	-	-	(105)	-	(105)
Share option forfeited	-	-	-	-	(72)	72	-	-	-
<b>Balance at end of financial year</b>	<b>157,257</b>	<b>(24,158)</b>	<b>(90)</b>	<b>657</b>	<b>525</b>	<b>165,395</b>	<b>299,586</b>	<b>10,603</b>	<b>310,189</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.


**HAI-O ENTERPRISE BHD ( Reg.No. 197501000919 (22544-D))**
**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE QUARTER ENDED 30 APRIL 2021**

	<b>2021</b> <b>12-month</b> <b>ended</b> <b>30/04/2021</b> <b>(RM '000)</b>	<b>2020</b> <b>12-month</b> <b>ended</b> <b>30/04/2020</b> <b>(RM '000)</b> <b>(Audited)</b>
Profit before tax	52,332	41,517
Adjustment for :-		
Depreciation on property, plant and equipment & IP	4,463	4,540
Depreciation on right-of-use assets	1,858	2,070
Dividend income	(962)	(1,320)
Fair value (gain)/loss on other investments	78	(163)
Finance costs	271	361
Finance income	(691)	(980)
Gain on disposal of property, plant and equipment	(1,120)	-
Gain on disposal of subsidiaries	-	(1,111)
Gain on disposal of other investment	-	(10)
Impairment loss on trade and other receivables	1,563	2,096
Property, plant and equipment written off	22	11
Share of profit of equity-accounted investee, net of tax	38	29
Provision for sales campaign	1,693	1,170
Unrealised foreign exchange differences	339	(255)
<b>Operating profit before changes in working capital</b>	<b>59,884</b>	<b>47,955</b>
Changes in working capital		
<i>Inventories</i>	4,061	3,700
<i>Receipts from customers</i>	(1,734)	(296)
<i>Net Change in other receivables</i>	517	(1,185)
<i>Payment to suppliers, contractors and employees</i>	3,056	(7,793)
<i>Net Change in other payables</i>	(3,422)	5,669
	2,478	95
Cash generated from operations		
<i>Payment of income taxes</i>	(9,224)	(11,470)
<i>Finance cost</i>	(271)	(339)
<b>Net cash flows from operating activities</b>	<b>52,867</b>	<b>36,241</b>
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	(95)	(279)
<i>Accretion of equity interests in subsidiary by non-controlling interest</i>	-	-
<i>Acquisition of other investments</i>	(20,100)	(10,500)
<i>Dividend received</i>	-	5
<i>Purchase of property, plant and equipment &amp; IP</i>	(1,801)	(716)
<i>Proceeds from disposal of other investment</i>	-	15,390
<i>Proceeds from disposal of property, plant and Equipment</i>	1,193	1
<i>Proceeds from disposal of subsidiaries</i>	-	(123)
<i>Interest received</i>	691	980
<b>Net cash from/(used in) investing activities</b>	<b>(20,112)</b>	<b>4,758</b>
Financing Activities		
<i>Purchase of Company's own share</i>	(2,527)	(105)
<i>Dividend paid</i>	(31,982)	(35,057)
<i>Equity contribution from non-controlling interest</i>	-	400
<i>Interest paid</i>	-	(23)
<i>Payment of lease liabilities</i>	(1,866)	(1,806)
<i>Repayment / drawdown of trade facilities</i>	-	(289)
<b>Net cash from/(used in) financing activities</b>	<b>(36,375)</b>	<b>(36,880)</b>
Net Changes in Cash & Cash Equivalents	(3,620)	4,119
Effect of exchange rate & fluctuations on cash held	(66)	53
Cash & Cash Equivalents at beginning of financial year	57,964	53,792
<b>Cash &amp; Cash Equivalents at end of the financial year</b>	<b>54,278</b>	<b>57,964</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.



## **PART A -- Notes To The Interim Financial Report**

### **A1 Basis of preparation**

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). This interim financial statement also complies with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The interim financial report should be read in conjunction with the most recent annual financial statements of the Group for the year ended 30 April 2020.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2020.

#### **Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 April 2020 except for the adoption of new standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the Group effective for annual periods beginning on or after 1 January 2020 as stated below:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The adoption of the above accounting standards, amendments and interpretation are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

### **A2 Seasonal or cyclical factors of interim operations**

The Group’s interim business operations are not significantly affected by seasonal or cyclical factors for the quarter under review except for some seasonal consumer products, which are affected by major festive seasons.

### **A3 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows because of their nature, size or incidence.

### **A4 Changes in estimates of amounts reported previously**

There were no material changes in estimates of amounts reported in prior interim period of the current or previous financial years.



#### A5 Issues, repurchase and repayments of debts and equity securities

There have been no other issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the quarter under review.

- i) The details of shares held as treasury shares for the year ended 30 April 2021 are as follows:

	<b>Number of Treasury shares</b>	<b>Total Cost Consideration RM</b>
Balance as at 1 Feb 2021	10,747,288	25,661,932
Repurchased during the quarter	468,300	1,022,324
<b>Balance as at 30 Apr 2021</b>	<b>11,215,588</b>	<b>26,684,256</b>

The repurchase transactions were financed by internally generated funds.

As at 18 June 2021, the treasury shares held were 11,303,988 shares with a total purchase consideration of RM 26,873,643.

On 4 June 2021, the Company had declared a distribution of one (1) treasury share for every twenty six (26) existing ordinary shares held (“Share Dividend”) in respect of the financial year ending 30 April 2022. The Share Dividend will be credited into the entitled Depositors’ Securities Account respectively on 6 July 2021.

- ii) During the year under review and subsequent to the fourth quarter ended 30 April 2021, there was no ESOS option exercised.

#### A6 Dividend paid

Dividend paid during the financial year ended 30 April 2021 :

- i) The second single tier interim dividend of 3 sen per ordinary share amounting to RM 8,709,399 in respect of the previous financial year ended 30 April 2020 was paid on 16 June 2020.
- ii) The final single tier interim dividend of 4 sen per ordinary share amounting to RM 11,593,988 in respect of the previous financial year ended 30 April 2020 was paid on 19 November 2020.
- iii) The single tier interim dividend of 4 sen per ordinary share amounting to RM 11,578,628 in respect of the current financial year ended 30 April 2021 was paid on 4 March 2021.



## A7 Segment information

Details of segmental analysis for the year ended 30 April 2021 are as follows:

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>						
Revenue from external customers	172,449	58,550	35,803	4,587	-	<b>271,389</b>
Inter-segment revenue	174	71,075	2	7,514	(78,765)	-
Total revenue	172,623	129,625	35,805	12,101	(78,765)	271,389
<b>RESULT</b>						
Segment profit/(loss)	33,638	12,572	1,319	3,436	985	<b>51,950</b>
Finance costs						(271)
Interest income						691
Share of loss of equity-accounted investee, net of tax						(38)
Profit before taxation						52,332
Income tax expenses						(13,085)
Net profit for the year						<b>39,247</b>

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	117,194	171,950	36,618	44,580	-	<b>370,342</b>
Segment liabilities	21,027	16,851	6,080	2,972	-	<b>46,930</b>

## A8 Property, plant and equipment

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

## A9 Events after the interim period that have not been reflected in the financial statements for the interim period

There were no material events subsequent to the year ended 30 April 2021 except for the following:

- (i) On 8 June 2021, Yan Ou Holdings (M) Sdn Bhd (“Yan Ou”) increased its share capital by RM 3,150,000 which was subscribed by the Company and the non-controlling owner in accordance with their equity interest of 60% and 40%, respectively. With effect thereof, the total share capital of Yan Ou increased to RM 5,650,000.



#### A10 Changes in the composition of the Group

There was no change in the composition of the Group during the interim period ended 30 April 2021 except for the following:

- (i) The Company acquired additional 3,000 shares of Hai-O Raya Bhd for a total cash consideration of RM 8,400.

#### A11 Contingent liabilities

The changes in contingent liabilities of the Company and the Group since the last annual Statement of Financial Position date are as follows :-

<u>Company</u>	As at 18/06/2021	As at 30/04/2021	As at 30/4/2020
	RM'000	RM'000	RM'000
Corporate guarantee in respect of credit facilities granted to subsidiary companies	Nil	Nil	Nil

<u>Group</u>	As at 18/06/2021	As at 30/04/2021	As at 30/4/2020
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Company	1,584	1,584	1,493

#### A12 Capital commitment

The capital commitment of the Group for the year ended 30 April 2021 is as follows:

	Approved, contracted but not provided for
	RM'000
Capital Investment	7,450
Property, plant and equipment	738
<b>Total</b>	<b>8,188</b>



**PART B -- Explanatory Notes Pursuant To Appendix 9B of The Bursa Securities Listing Requirement**

**B1 A detailed analysis of the performance of key operating segments of the Group, setting out material factors affecting the earnings and/or revenue of each segment for the current quarter and financial period-to-date:**

**Financial review for current quarter and financial year to date**

	Individual Period (4th quarter)		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30/04/2021 (RM '000)	30/04/2020 (RM '000)		30/04/2021 (RM '000)	(Audited) 30/04/2020 (RM '000)	
<b>Revenue</b>	66,777	53,703	24.3%	271,389	255,174	6.4%
<b>Gross Profit</b>	26,830	22,955	16.9%	105,167	99,373	5.8%
<b>Operating Profit</b>	11,346	10,764	5.4%	51,950	40,927	26.9%
<b>Profit Before Tax</b>	11,434	10,790	6.0%	52,332	41,517	26.1%
<b>Profit After Tax</b>	8,364	9,602	(12.9%)	39,247	32,319	21.4%
<b>Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent</b>	8,227	9,961	(17.0%)	39,124	32,576	20.1%

Statement of Profit & Loss and Other Comprehensive Income

For the year ended 30 April 2021, the Group recorded higher revenue of RM 271.4 million, an increase of 6.4% as compared to the previous year corresponding period of RM 255.2 million. The increase in revenue was mainly attributed to higher sales contribution from the Multi-level marketing (“MLM”) and Wholesale divisions. Net operating profit margin improved to 19.1% as compared to the previous year’s corresponding period of 16.0%, mainly due to the on-going cost optimisation initiatives and a favourable change of sales mix.



#### Statement of Financial Position

The equity attributable to equity holders of the parent stood at RM 313.1 million, an increase of 4.5% as compared to previous financial year ended 30 April 2020 of RM 299.6 million, after taking into account net profit attributable to owners of the Company amounting to RM 39.1 million for the financial year under review.

The Group's total assets as at 30 April 2021 stood at RM 370.3 million (FYE 30.4.2020: RM 361.7 million). The increase in total assets by RM 8.6 million was mainly due to the increase in Other investment.

Total liabilities of the Group decreased by RM 4.6 million to RM 46.9 million (FYE 30.4.2020: RM 51.5 million) mainly due to the decrease in trade and other payables.

Net asset per share was recorded at RM 1.08 as at 30 April 2021 against previous financial year ended 30 April 2020 of RM 1.03.

#### Statement of Cash Flow

The Group's cash and cash equivalents and short-term investments totalled RM 113.2 million as at 30 April 2021.

Net cash flow from operating activities amounted to RM 52.9 million, primarily generated from operating profits of the three main divisions, with the MLM and Retail divisions' sales mainly transacted in cash. Net cash used in investing activities including the purchase of other investments amounted to total outflow of RM 20.1 million. Net cash used in financing activities of RM 36.4 million was mainly for dividend payment of RM 32.0 million and purchase of Company's own shares of RM 2.5 million. As a result, the Group's cash and cash equivalents decreased by RM 3.6 million to RM 54.3 million in the current financial year under review.



## **Segmental Analysis**

### Current quarter compared to the preceding year's corresponding quarter

(i) MLM division

MLM revenue increased by 11.9% to RM 39.5 million as compared to the preceding year's corresponding quarter of RM 35.3 million. The increase was mainly attributed to higher revenue generated from the newly launched slimming lady wear line and sales campaign carried out during the quarter. It was also against the lower base in the previous corresponding quarter as a result of MCO 1.0 which saw the deferral of all promotion campaigns.

Despite higher revenue, pre-tax profit fell by 35.7% to RM 6.4 million after incorporating impairment loss on amount due from an overseas associate company amounting to RM 1.5 million and lower A&P subsidies received for Q4 2021.

(ii) Wholesale division

Divisional revenue increased by 50.0% to RM 16.1 million due mainly to higher sales of Chinese medicated tonic, premium cooking wine and patented medicine. During the quarter under review, the division conducted a "last-buy" sales promotion campaign prior to price revision for its Chinese medicated tonic which further boosted revenue.

In tandem with higher sales, pre-tax profit for the Wholesale division increased two-fold to RM 3.4 million.

(iii) Retail division

The Chinese New Year (CNY) sales campaign which crossed over to the 4<sup>th</sup> quarter, coupled with the financial year end members' sales promotion campaign, lifted divisional revenue to RM 10.2 million, an increase of more than 50.0% from the preceding year's corresponding quarter of RM 6.48 million. The increase was also against the lower base in the previous year's corresponding quarter which was disrupted by MCO 1.0, when all sales campaigns were deferred with retail outlets operating at a minimum level.

The Retail division turned around to post a pre-tax profit of RM 0.6 million against a loss of RM 0.9 million in the preceding year's corresponding quarter.



Current financial period compared to the preceding year's corresponding period

For the financial year ended 30 April 2021, the Group recorded higher revenue and pre-tax profit of RM 271.4 million and RM 52.3 million in the face of extended COVID-19 challenges, up 6.4% and 26.1% respectively as compared to RM 255.2 million and RM 41.5 million in the previous financial year:

(i) MLM division

The division recorded higher revenue of RM 172.5 million, an increase of 10.0% as compared to RM 156.7 million in the preceding year. During the COVID-19 pandemic crisis, the division has leveraged extensively on digital technology via social media and e-commerce platforms as face-to-face marketing is restricted due to the physical distancing measures imposed by the Government. The division has regularly rolled out attractive promotion campaigns to boost sales especially for a newly launched lady wear series which has contributed additional revenue of RM 7.3 million during the financial year.

In tandem with the increase in revenue, divisional pre-tax profit increased by 4.8% after factored in the impairment loss on amount due from an overseas associate company amounting to RM 1.5 million.

(ii) Wholesale division

Divisional revenue increased by 6.2% to RM 58.6 million, compared to RM 55.1 million in the preceding year. Higher revenue was mainly derived from Chinese medicated tonic, premium cooking wine and patented medicine.

Pre-tax profit doubled to RM 14.1 million on the back of on-going cost optimization initiatives, higher contribution from Chinese medicated tonic, premium cooking wine and patented medicine which command higher margin, as well as one-off gain from the disposal of vintage tea amounting to RM 0.9 million.

(iii) Retail division

The Retail division has faced an extremely challenging business environment since the outbreak of Covid-19. To adapt to the changes in regulatory SOPs (Standard Operating Procedures) and consumers' buying behavior, the division has aggressively tapped various online platforms and social media channels to widen its reach. This has helped to contain the decline in revenue to a marginal 2.5% to RM 35.8 million, while pretax profit turned around to RM 1.1 million on the back of cost optimization initiatives.

(iv) Other division

Revenue comprises mainly rental income from investment properties, health food supplement manufacturing activities and credit & leasing business. During the financial year under review, pre-tax profit improved by 11.0 % to RM 3.3 million despite lower revenue of RM 4.6 million, due mainly to the one-off litigation claim of RM 0.5 million recorded in the previous financial year.



**B2 Material changes in the profit before taxation for the quarter under review as compared with the immediate preceding quarter**

**Financial review for current quarter compared with the immediate preceding quarter**

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>Changes</b>
	<b>30/04/2021 (RM '000)</b>	<b>31/01/2021 (RM '000)</b>	
<b>Revenue</b>	66,777	67,229	(0.7%)
<b>Gross Profit</b>	26,830	26,072	2.9%
<b>Operating Profit</b>	11,346	13,597	(16.6%)
<b>Profit Before Tax</b>	11,434	13,698	(16.5%)
<b>Profit After Tax</b>	8,364	10,441	(19.9%)
<b>Profit Attributable to Ordinary Equity Holders of the Parent</b>	8,227	10,283	(20.0%)

For the 4<sup>th</sup> quarter under review, the Group's revenue was sustained about RM 67.0 million from the preceding quarter while pre-tax profit decreased 16.5% to RM 11.4 million:

(i) MLM division

The MLM division managed to maintain revenue at RM 39.5 million during the 4<sup>th</sup> quarter despite the Ramadan fasting month. However, pre-tax profit decreased by 28.0% to RM 6.4 million from RM 8.9 million in the immediate preceding quarter, after incorporating impairment loss on amount due from an Associate company amounting to RM 1.5 million and lower A&P subsidy from suppliers.

(ii) Wholesale division

Wholesale revenue and pre-tax profit decreased by 2.7% and 6.3% to RM 16.1 million and RM 3.4 million from the immediate preceding quarter. The higher base in the immediate preceding quarter was mainly driven by seasonal sales for hampers and Chinese medicated tonic during the CNY sales promotion campaign.

(iii) Retail division

Against the immediate preceding quarter, Retail revenue and pre-tax profit increased by 6.1% and 36.2% to RM 10.2 million and RM 0.6 million respectively. Higher revenue was mainly derived from CNY sales which crossed over to the 4<sup>th</sup> quarter, as well as year-end members' sales promotion campaign which lifted sales from house brand products by 21.5%. Tapping various e-commerce platforms has enabled the division to reach its loyal members and new consumers more effectively during the MCO period.



**B3 Commentary on prospects for the next financial year**

The outbreak of the COVID-19 pandemic since March 2020 has posed unprecedented challenges to the global and domestic economy. Amidst the very difficult business environment, the Group has delivered resilient results in the financial year under review with higher revenue and operating profit.

The recent imposition of MCO 3.0 followed by the full lockdown MCO 3.0 (FMCO) in Malaysia has again disrupted the pace of the domestic economic recovery, dampening already fragile consumer sentiment and hurting their ability and willingness to spend. Being consumer-centric, the Group is keenly aware of the evolving challenges and is constantly brainstorming to develop, refine and adapt strategies to control and manage risks as we strive to stay ahead and fortify our position as a premier healthcare player. We remain hopeful that an accelerated rollout of the National COVID-19 Immunisation Programme would help to achieve herd immunity and to promote business recovery and improve consumer sentiment in a more sustainable manner. In view of the ongoing uncertainties, the Group will continue to take proactive measures to mitigate business risks which include optimizing costs and strengthening the existing digital infrastructure of our three main divisions to support the growing demand in e-commerce.

In view of the above, the Board of Directors expects the Group to remain profitable amidst the challenging business environment in the next financial year.

**B4 Statement of the Board of Directors' opinion on achievability of the financial estimate, forecast, projection or internal targets previously announced**

There were no financial estimate, forecast, projection or internal targets previously announced by the Board of Directors.

**B5 Profit forecast / profit guarantee previously announced**

There were no profit forecast or profit guarantee previously announced.

**B6 Trade Receivables**

Ageing analysis of trade receivables of the Group as at 30 April 2021 is as follow:

	<b>RM '000</b>
Not past due	13,929
Past due 1-30 days	1,064
Past due 31-60 days	302
Past due more than 60 days & not impaired	590
	<u>15,885</u>

The trade receivables were mainly for non-related parties with credit term of 60-90 days.



## B7 Taxation

The provision for income tax is based on the business income earned for the financial year under review.

For the quarter under review and financial year to date, the effective tax rate of the Group was higher than the statutory tax rate due mainly to certain expenses which were not deductible for tax purpose and losses of certain subsidiary companies which could not be set off against profits of certain subsidiaries as no Group relief was available for tax purposes.

	Current quarter ended 30/04/2021 (RM '000)	Current year to date 30/04/2021 (RM '000)
Profit before taxation	11,434	52,332
Taxation at applicable tax rate – 24%	2,744	12,560
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	326	525
<b>Total Income Tax Expenses</b>	<b>3,070</b>	<b>13,085</b>

## B8 Status of Corporate Proposals

There were no outstanding corporate proposals for the year under review except for the following:

The Board of Directors has on 19 January 2021 announced the following Corporate Proposals:

- (i) Proposed Internal Reorganisation;
- (ii) Proposed Termination of Existing ESOS; and
- (iii) Proposed New ESOS.

( Collectively referred to as the “Proposals”)

Further to the announcement dated 19 January 2021, 4 February 2021, 8 March 2021, 9 March 2021, 5 April 2021, 9 April 2021, 27 April 2021, 19 May 2021 and 31 May 2021 in relation to the Proposals, the High Court has fixed 16 July 2021 as the court hearing date for the Company’s application for approval on the Proposed Internal Reorganisation.



## B9 Group Borrowings and Debts Securities

The Group borrowings and debts securities as at 30 April 2021 were as follows :

Current year ended 30/04/2021				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowing	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
<b>Total</b>				-

Preceding year ended 30/04/2020				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowings	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
<b>Total</b>				-

The short-term borrowings comprised solely of trade facilities for working capital purpose which were denominated in RM currency. Apart from the working capital banking facilities, the Group did not have other drawn down banking facilities and the gearing level was negligible.

## B10 Changes in Material Litigation

The Group is not engaged in any material litigation, claims or arbitration, including those pending or threatened against our Group, either as plaintiff or defendant, which has a material effect on the financial position of the Group.

## B11 Dividend declared

- i) On 4 June 2021, the Company declared a distribution of one (1) treasury share for every twenty six (26) existing ordinary shares of RM1.00 each ("Share Dividend") in respect of the financial year ending 30 April 2022. The Share Dividend will be credited into the entitled Depositors' Securities Account respectively on 6 July 2021.
- ii) The Board of Directors is pleased to declare a second single tier interim dividend of 5 sen per share in respect of the financial year ended 30 April 2021 (30/04/2020:4 sen single tier final dividend).

In regards of deposited securities, entitlement to the second tier interim dividend will be determined based on shareholders registered in the record of depositors as at 15 July 2021. The payment date is 29 July 2021.



## B12 Earnings per share (EPS)

### Earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/04/2021	30/04/2020	30/04/2021	30/04/2020 (Audited)
<i>Earnings</i>				
Net profit for the period attributable to equity holders of the parent (RM'000)	8,227	9,916	39,124	32,576
Weighted average number of shares ('000)	289,895	290,346	289,895	290,346
Weighted average number of shares for diluted EPS ('000)	- *	- *	-*	-*
Basic earnings per share (sen)	2.84	3.42	13.50	11.22
Dilutive earnings per share (sen)	-	-	-	-

\*The diluted earnings per share is not presented as the exercising of the balance of ESOS granted under the Employee's Share Option Scheme ("ESOS") would result in an anti dilution situation.

## B13 Auditors' report of the preceding annual financial statement

The auditors' report of the preceding annual financial statement does not contain any modified opinion or material uncertainty related to going concern nor qualification.



**B14 Items included in the Statement of Profit and Loss and Other Comprehensive Income**

	<b>CURRENT YEAR QUARTER</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER</b>	<b>CURRENT YEAR TO DATE</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD</b>
	<b>30/04/2021 RM' 000</b>	<b>30/04/2020 RM' 000</b>	<b>30/04/2021 RM' 000</b>	<b>30/04/2020 RM' 000 (Audited)</b>
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	158	212	691	980
Other income including investment Income	1,513	2,965	5,260	5,793
Interest expense	(57)	(144)	(271)	(361)
Depreciation and amortization on PPE & IP	(1,116)	(967)	(4,463)	(4,540)
Depreciation and amortization on Right-use-of-assets	(432)	(943)	(1,858)	(2,070)
Provision for and write off of receivables	(1,306)	(1,823)	(1,563)	(2,096)
Provision for and write off of inventories	(144)	139	(474)	(447)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	41	-	1,120	-
Foreign exchange gain/(loss):				
- Realised	315	(139)	676	102
- Unrealised	(305)	456	(339)	255
Gain or loss on derivatives	-	-	-	-
Impairment loss	-	-	-	-
Reversal of impairment loss of inventories	56	-	496	-
Exceptional items	-	-	-	-