



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

**Unaudited Interim Financial Report**  
**31 January 2021**



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

Quarterly report on consolidated results for the financial period ended 31 January 2021  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE QUARTER ENDED 31 JANUARY 2021**

	INDIVIDUAL PERIOD (3rd Quarter)		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/01/2021	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2020	CURRENT YEAR TO DATE 31/01/2021	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	67,229	67,021	204,612	201,471
Cost of sales	(41,157)	(39,833)	(126,275)	(125,053)
Gross Profit	26,072	27,188	78,337	76,418
Other income	1,059	751	3,747	2,828
Depreciation	(1,571)	(1,593)	(4,773)	(4,700)
Administrative expenses	(4,700)	(5,363)	(14,636)	(17,522)
Selling & distribution expenses	(6,902)	(9,318)	(21,221)	(25,216)
Other expenses	(361)	(862)	(850)	(1,645)
<b>Operating Profit</b>	<b>13,597</b>	<b>10,803</b>	<b>40,604</b>	<b>30,163</b>
Finance income	185	253	533	768
Finance costs	(74)	(71)	(214)	(217)
Share of profit/(loss) of equity-accounted investee, net of tax	(10)	(2)	(25)	13
Profit before tax	13,698	10,983	40,898	30,727
Tax expenses	(3,257)	(3,074)	(10,015)	(8,010)
<b>Profit after tax</b>	<b>10,441</b>	<b>7,909</b>	<b>30,883</b>	<b>22,717</b>
<b>Profit attributable to:</b>				
Owners of the parent	10,283	7,599	30,898	22,660
Non-controlling interest	158	310	(15)	57
	10,441	7,909	30,883	22,717
<b>Earnings Per Share attributable to equity holders of the parent</b>				
- Basic	3.54	2.62	10.65	7.80
- 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 period ended 31 January 2021  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 JANUARY 2021**

	INDIVIDUAL PERIOD (3rd Quarter)		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/01/2021	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2020	CURRENT YEAR TO DATE 31/01/2021	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period	10,441	7,909	30,883	22,717
Other comprehensive income				
- Foreign currency translation differences for foreign operations	22	(8)	609	47
Total comprehensive Income for the period	10,463	7,901	31,492	22,764
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	10,305	7,591	31,507	22,707
Non-controlling Interest	158	310	(15)	57
	10,463	7,901	31,492	22,764

*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 31 JANUARY 2021**

	AS AT CURRENT FINANCIAL QUARTER ENDED 31/01/2021 (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>	85,229	86,512
<i>Investment properties</i>	44,350	45,068
<i>Right-of-use assets</i>	11,805	12,027
<i>Investment in jointly control entity</i>	2,133	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>	593	1,181
<i>Deferred tax assets</i>	2,156	2,060
	<b>146,363</b>	<b>149,103</b>
<b>Current Assets</b>		
<i>Inventories</i>	88,151	93,331
<i>Trade and other receivables</i>	25,721	23,401
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	54,319	37,920
<i>Cash and Cash Equivalents</i>	56,523	57,964
	<b>224,714</b>	<b>212,616</b>
<b>TOTAL ASSETS</b>	<b>371,077</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>	(25,662)	(24,158)
<i>Other reserves</i>	1,702	1,093
<i>Retained earnings</i>	173,286	165,394
	<b>306,583</b>	<b>299,586</b>
<b>Non-controlling interest</b>	10,233	10,603
<b>Total Equity</b>	<b>316,816</b>	<b>310,189</b>
<b>Non-current Liabilities</b>		
<i>Borrowings</i>	-	-
<i>Lease Liabilities</i>	3,123	3,435
<i>Deferred tax</i>	332	437
	<b>3,455</b>	<b>3,872</b>
<b>Current Liabilities</b>		
<i>Trade &amp; other payables</i>	44,133	44,106
<i>Short term borrowings</i>	-	-
<i>Short-term provisions</i>	1,012	698
<i>Lease Liabilities</i>	1,736	1,621
<i>Contract Liabilities</i>	1,028	1,225
<i>Current tax payables</i>	2,897	8
	<b>50,806</b>	<b>47,658</b>
<b>Total Liabilities</b>	<b>54,261</b>	<b>51,530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>371,077</b>	<b>361,719</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.06	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 31 JANUARY 2021

	Attributable to Equity Holders of the Parent					Distributable Retained Earnings	Total	Non-controlling interest	Total Equity
	Non distributable								
	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)	(RM'000)
<b>9-month ended 31 January 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 period	-	-	-	-	-	30,898	30,898	(15)	30,883
Other comprehensive income for the period	-	-	609	-	-	-	609	-	609
Total comprehensive income for the period	-	-	609	-	-	30,898	31,507	(15)	31,492
Acquisition of additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	167	167	(254)	(87)
Dividend	-	-	-	-	-	(23,173)	(23,173)	(101)	(23,274)
Purchase of Company's own shares	-	(1,504)	-	-	-	-	(1,504)	-	(1,504)
<b>Balance at end of financial period</b>	<b>157,257</b>	<b>(25,662)</b>	<b>519</b>	<b>657</b>	<b>526</b>	<b>173,286</b>	<b>306,583</b>	<b>10,233</b>	<b>316,816</b>
<b>9-month ended 31 January 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	-	-	-	-	-	(1,269)	(1,269)	-	(1,269)
Profit for the period	-	-	-	-	-	22,660	22,660	57	22,717
Other comprehensive income for the period	-	-	47	-	-	-	47	-	47
Total comprehensive income for the period	-	-	47	-	-	22,660	22,707	57	22,764
Acquisition of additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	(22)	(22)	(83)	(105)
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	400	400
Dividend	-	-	-	-	-	(34,840)	(34,840)	(218)	(35,058)
Purchase of Company's own shares	-	(84)	-	-	-	-	(84)	-	(84)
<b>Balance at end of financial period</b>	<b>157,257</b>	<b>(24,137)</b>	<b>(256)</b>	<b>657</b>	<b>597</b>	<b>162,593</b>	<b>296,711</b>	<b>10,612</b>	<b>307,323</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 31 JANUARY 2021**

	<b>2021 9-month ended 31/01/2021 (RM '000)</b>	<b>2020 9-month ended 31/01/2020 (RM '000)</b>
Profit before tax	40,898	30,727
Adjustment for :-		
Depreciation on property, plant and equipment & IP	3,347	3,573
Depreciation on right-of-use assets	1,426	1,127
Dividend income	(722)	(991)
Fair value (gain)/loss on other investments	(77)	(172)
Finance costs	214	217
Finance income	(533)	(768)
Gain/(loss) on disposal of property, plant and equipment	(1,079)	-
Property, plant and equipment written off	17	6
Share of profit of equity-accounted investee, net of tax	25	(13)
Provision for sales campaign	1,693	2,110
Unrealised foreign exchange differences	34	201
<b>Operating profit before changes in working capital</b>	<b>45,243</b>	<b>36,017</b>
Changes in working capital		
<i>Inventories</i>	5,180	6,290
<i>Receipts from customers</i>	(2,033)	(835)
<i>Net Change in other receivables</i>	(1,378)	828
<i>Payment to suppliers, contractors and employees</i>	(5,257)	(8,081)
<i>Net Change in other payables</i>	805	50
	(2,683)	(1,748)
Cash generated from operations		
<i>Payment of income taxes</i>	(5,647)	(11,276)
<i>Finance cost</i>	(214)	(217)
<b>Net cash flows from operating activities</b>	<b>36,699</b>	<b>22,776</b>
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	(87)	(105)
<i>Accretion of equity interests in subsidiary by non-controlling interest</i>	-	400
<i>Acquisition of other investments</i>	(15,600)	(10,500)
<i>Purchase of property, plant and equipment &amp; IP</i>	(1,481)	(845)
<i>Proceeds from disposal of other investment</i>	-	14,590
<i>Proceeds from disposal of property, plant and Equipment</i>	1,191	-
<i>Interest received</i>	533	768
<b>Net cash from/(used in) investing activities</b>	<b>(15,444)</b>	<b>4,308</b>
Financing Activities		
<i>Purchase of Company's own share</i>	(1,504)	(84)
<i>Dividend paid</i>	(20,405)	(26,348)
<i>Payment of lease liabilities</i>	(1,395)	(1,582)
<i>Repayment / drawdown of trade facilities</i>	-	27
<b>Net cash from/(used in) financing activities</b>	<b>(23,304)</b>	<b>(27,987)</b>
Net Changes in Cash & Cash Equivalents	(2,049)	(903)
Effect of exchange rate & fluctuations on cash held	608	14
Cash & Cash Equivalents at beginning of financial period	57,964	53,792
<b>Cash &amp; Cash Equivalents at end of the financial period</b>	<b>56,523</b>	<b>52,903</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 Statements 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 period ended 31 January 2021 are as follows:

	<b>Number of Treasury shares</b>	<b>Total Cost Consideration RM</b>
Balance as at 1 Nov 2020	10,436,388	24,989,855
Repurchased during the quarter	310,900	672,077
<b>Balance as at 31 Jan 2021</b>	<b>10,747,288</b>	<b>25,661,932</b>

The repurchase transactions were finance by internally generated funds.

As at 19 March 2021, the treasury shares held were 10,973,088 shares with a total purchase consideration of RM 26,155,984.

- ii) During the period under review and subsequent to the third quarter ended 31 January 2021, there was no ESOS option exercised.

**A6 Dividend paid**

- i) 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.
- ii) The single tier interim dividend of 4 sen per ordinary share amounting to RM 11,578,628 in respect of the current financial year ending 30 April 2021 was paid on 4 March 2021.



#### A7 Segment information

Details of segmental analysis for the period ended 31 January 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	132,999	42,450	25,645	3,518	-	<b>204,612</b>
Inter-segment revenue	155	72,919	2	5,722	(78,798)	-
Total revenue	133,154	115,369	25,647	9,240	(78,798)	204,612
<b>RESULT</b>						
<b>Segment profit/(loss)</b>	27,237	9,854	633	2,471	409	<b>40,604</b>
Finance costs						(214)
Interest income						533
Share of loss of equity-accounted investee, net of tax						(25)
Profit before taxation						40,898
Income tax expenses						(10,015)
Net profit for the period						<b>30,883</b>

#### A7 Segment information

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Segment assets</b>	117,052	171,946	37,027	45,052	-	<b>371,077</b>
<b>Segment liabilities</b>	30,195	15,282	6,438	2,346	-	<b>54,261</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 period ended 31 January 2021 except for the following:

- (i) The Company acquired additional 2,000 shares of Hai-O Raya Bhd for a total cash consideration of RM 5,600.



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

There was no change in the composition of the Group during the interim period ended 31 January 2021 except for the following:

- (i) On 6 November 2020, the share capital of Hai-O Properties Sdn Bhd (HOP) increased from RM 300,000 to RM 12,800,000 by way of loan capitalisation. HOP is a wholly owned subsidiary of the Company.
- (ii) The Company acquired additional 26,000 shares of Hai-O Raya Bhd for a total cash consideration of RM 72,800.

#### 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 19/03/2021	As at 31/01/2021	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 19/03/2021	As at 31/01/2021	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	991	991	1,493

#### A12 Capital commitment

The capital commitment of the Group for the period ended 31 January 2021 is as follows:

	Approved, contracted but not provided for
	RM'000
Capital Investment	7,450
Property, plant and equipment	884
<b>Total</b>	<b>8,334</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 period to date**

	Individual Period (3 <sup>rd</sup> quarter)		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/01/2021 (RM '000)	31/01/2020 (RM '000)		31/01/2021 (RM '000)	31/01/2020 (RM '000)	
<b>Revenue</b>	67,229	67,021	0.3%	204,612	201,471	1.6%
<b>Gross Profit</b>	26,072	27,188	(4.1%)	78,337	76,418	2.5%
<b>Operating Profit</b>	13,597	10,803	25.9%	40,604	30,163	34.6%
<b>Profit Before Tax</b>	13,698	10,983	24.7%	40,898	30,727	33.1%
<b>Profit After Tax</b>	10,441	7,909	32.0%	30,883	22,717	35.9%
<b>Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent</b>	10,283	7,599	35.3%	30,898	22,660	36.4%



#### Statement of Profit & Loss and Other Comprehensive Income

For the nine months ended 31 January 2021, the Group recorded higher revenue of RM 204.6 million, an increase of 1.6% as compared to the previous year corresponding period of RM 201.5 million. The increase in revenue was mainly attributed to higher sales contribution from the Multi-level marketing (“MLM”) division. Net operating profit margin improved to 19.8% as compared to the previous year’s corresponding period of 15.0%, 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 306.6 million, an increase of 2.3% 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 30.9 million for the period to date, as well as final dividend of RM 11.6 million and interim dividend payable of RM 11.6 million in respect of previous financial year ended 30 April 2020 and current financial year ending 30 April 2021 respectively.

The Group’s total assets as at 31 January 2021 stood at RM 371.1 million (FYE 30.4.2020: RM 361.7 million). The increase in total assets by RM 9.4 million was mainly due to the increase in Other investment, Cash and cash equivalent.

Total liabilities of the Group increased by RM 2.8 million to RM 54.3 million (FYE 30.4.2020: RM 51.5 million) due to the increase in current tax payables.

Net asset per share was recorded at RM 1.06 as at 31 January 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 110.8 million as at 31 January 2021.

Net cash flow from operating activities amounted to RM 36.7 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 15.4 million. Net cash used in financing activities of RM 23.3 million was mainly for dividend payment of RM 20.4 million and purchase of Company’s own shares of RM 1.5 million. As a result, the Group’s cash and cash equivalents decreased by RM 2.0 million to RM 56.5 million in the current period.



## Segmental Analysis

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

(i) MLM division

During the quarter under review, the division posted higher revenue and pre-tax profit of RM 39.5 million and RM 8.9 million, up by 7.2% and 22.0% respectively as compared to the preceding year's corresponding quarter. During the COVID-19 pandemic crisis, the division extensively leveraged on digital technology via social media and e-commerce platforms to boost membership and sales. Successive promotion campaigns were launched to boost sales, especially for "small ticket" items. The division also recorded higher number of new members' recruitment in the quarter under review.

(ii) Wholesale division

Divisional revenue was maintained at about RM 16.5 million, while pre-tax profit increased by 42.6% to RM 3.7 million as compared to the preceding year's corresponding quarter of RM 2.6 million, mainly attributable to effective cost optimization initiatives and higher margin contribution from sales of Chinese medicated tonic and premium cooking wine.

(iii) Retail division

In view of CNY sales crossing over to 4<sup>th</sup> quarter of this current financial year, the Retail division recorded lower revenue and pre-tax profit of RM 9.6 million and RM 0.5 million. In comparison, the preceding year's corresponding quarter was not only pre-COVID but also captured the full impact of the CNY sales campaign.

The imposition of CMCO followed by the re-implementation of MCO 2.0 in the 3<sup>rd</sup> quarter has dampened retail consumption. According to the Malaysian Institute of Economic Research (MIER), the consumer sentiment index (CSI) fell to 85.2 points in Q4 2020 and has persistently stayed below the 100 point threshold level, indicating a lack of confidence among consumers. The retail industry as a whole remained significantly challenged by low consumer traffic and weak purchasing power even during the festive seasons.

(iv) Other division

During the quarter under review, the pre-tax profit increased more than double to RM 0.6 million as compared to previous year corresponding period of RM 0.25 million after factored in the litigation claim of RM 0.5 million adjudged arising from an alleged early termination of a tenancy agreement on one of the investment properties.



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

For the nine months ended 31 January 2021, the Group recorded higher revenue and pre-tax profit of RM 204.6 million and RM 40.9 million as compared to RM 201.5 million and RM 30.7 million, representing an increase of 1.6% and 33.1% respectively from the corresponding period of the preceding year:

(i) MLM division

The division continues to actively strategize product launches and devise various sales campaigns with different themes to excite distributors and boost overall sales. The overwhelming response for one of its newly launched lady wear series had boosted sales during the period under review. The division was also able to leverage on e-commerce and social media platforms to widen its reach and recruit higher number of new members. The division recorded higher revenue and pre-tax profit of RM 133.0 million and RM 27.4 million for the period under review, which was 9.5% and 23.0% higher than RM 121.5 million and RM 22.3 million respectively in the preceding year's corresponding period.

(ii) Wholesale division

Divisional revenue declined by 4.4% to RM 42.5 million as compared to the preceding year's corresponding period of RM 44.4 million due mainly to depressed sales in the duty-free market as tourist traffic almost ground to a halt amid the prolonged movement restrictions imposed during the COVID-19 pandemic.

However, pre-tax profit doubled to RM 10.7 million on the back of on-going cost optimization initiatives, higher sales for Chinese medicated tonic and premium cooking wine which carry higher margin, as well as a one-off gain from the disposal of vintage tea amounting to RM 0.9 million.

(iii) Retail division

Divisional revenue and pre-tax profit fell by 15.1% and 41.9% to RM 25.7 million and RM 0.4 million respectively in the financial period under review. The latest period did not fully capture the impact of CNY sales, while already sluggish consumer sentiment was further affected after the re-implementation of MCO 2.0. Despite aggressive members' sales campaigns carried out during the period, buying sentiment remained subdued especially for premium health supplement products. The efforts to tap online sales was hence necessary and timely. The division has made encouraging progress to begin tapping sales from various online platforms during the current financial period.

(iv) Other division

Revenue comprises mainly rental income from investment properties, health food supplement manufacturing activities and credit & leasing business. During the period under review, despite with lower revenue at RM 3.5 million, the pre-tax profit improved marginally by 1.3% to RM 2.4 million due to lower expenses incurred.



**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>31/01/2021 (RM '000)</b>	<b>31/10/2020 (RM '000)</b>	
<b>Revenue</b>	67,229	66,137	1.7%
<b>Gross Profit</b>	26,072	26,141	0.0%
<b>Operating Profit</b>	13,597	13,462	1.0%
<b>Profit Before Tax</b>	13,698	13,547	1.1%
<b>Profit After Tax</b>	10,441	10,213	2.2%
<b>Profit Attributable to Ordinary Equity Holders of the Parent</b>	10,283	10,352	(0.7%)

For the 3<sup>rd</sup> quarter under review, Group revenue increased marginally by 1.7% from the preceding quarter to RM 67.2 million while pre-tax profit increased from RM 13.5 million to RM 13.7 million:

(i) MLM division

Revenue decreased by 10.6% to RM 39.5 million as compared to the immediate preceding quarter of RM 44.2 million. The long year-end holiday and the imposition of CMCO followed by the re-implementation of MCO 2.0 had affected the business activities of distributors. Despite low revenue, pre-tax profit increased by 7% to RM 8.9 million due to effective cost optimisation measures.

(ii) Wholesale division

Revenue increased by 29.7% to RM 16.5 million, mainly driven by seasonal sales for hampers and Chinese medicated tonic during the CNY sales promotion campaign. However, the division recorded lower pre-tax profit of RM 3.7 million due to lower contribution from inter-segment sales and higher operating expenses incurred in the quarter under review. Besides, there was a gain from sales of vintage tea amounting to RM 0.8 million in the immediate preceding quarter.

(iii) Retail division

Revenue increased by 16.8% to RM 9.6 million mainly driven by higher sales generated from CNY festive campaigns at the outlets and via various e-commerce platforms. In tandem with higher revenue, the bottom line turned around to register pre-tax profit of RM 0.5 million in the quarter under review.



**B3 Commentary on prospects for the next quarter**

The prolonged COVID-19 pandemic and the re-imposition of MCO 2.0 has dampened the domestic economic recovery. However, the start of the National COVID-19 Immunisation Programme is a key and positive step that should lead the country out of the protracted health crisis to return to positive growth. The Group is cautiously optimistic but will remain ever vigilant as we continue to deal with the lingering impact and risks of COVID-19 before the country attains herd immunity, while also getting ready to strategize the way forward under a new-normal operating environment even post-COVID. We are cognizant that consumers behaviour, buying pattern and logistics requirements, among others, have significantly changed and we would need to take proactive measures to stay ahead over the longer term.

The MLM division is currently embarking on a rebranding exercise by repackaging and reformulating several star products, and continues to intensify its efforts to recruit new members and retain productive members. The Wholesale division will further enhance its A&P program through digital marketing of its key products including the Chinese medicated tonic. The Retail division will strengthen its efforts to digitalise its business operations in order to remain resilient. Business sustainability remains a key focus across our main divisions.

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

**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 31 January 2021 is as follow:

	<b>RM '000</b>
Not past due	15,226
Past due 1-30 days	524
Past due 31-60 days	418
Past due more than 60 days & not impaired	122
	<u>16,290</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 period under review.

For the current quarter, the effective tax rate of the Group was lower than the statutory tax rate due mainly to certain income which was not subject to tax and utilisation of capital allowance.

For the financial period 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.

	<b>Current quarter ended</b>	<b>Current year to date</b>
	<b>31/01/2021</b>	<b>31/01/2021</b>
	<b>(RM '000)</b>	<b>(RM '000)</b>
Profit before taxation	13,698	40,898
Taxation at applicable tax rate – 24%	3,288	9,816
Adjustment mainly due to certain non-taxable income and utilisation of capital allowance / certain non-allowable expenses and deferred tax recognized in the profit or loss	(31)	199
<b>Total Income Tax Expenses</b>	<b>3,257</b>	<b>10,015</b>

## B8 Status of Corporate Proposals

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

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

- (i) Proposed exchange of ordinary shares in Hai-O Enterprise Berhad (“HOEB”) (“HOEB Share(s)”), with up to 300,297,890 new ordinary shares in Beshom Holdings Berhad (“BesHom”) (“BesHom Share(s)”) on the basis of 1 BesHom Share for every 1 existing HOEB share held on an entitlement date to be determined (“Proposed Share Exchange”);
- (ii) Proposed assumption of the listing status of HOEB by BesHom, the admission of BesHom to, and withdrawal of HOEB from the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) with the listing of and quotation for BesHom shares on the Main Market of Bursa Securities (“Proposed Transfer of Listing Status”);

The Proposed Share Exchange and the Proposed Transfer of Listing Status are collectively referred to as the “Proposed Internal Reorganisation”.



## B8 Status of Corporate Proposals (continued)

- (iii) Proposed termination of the existing employees' shares option scheme of the Company ("Existing ESOS") ("Proposed Termination of Existing ESOS");
- (iv) Proposed establishment of a new employees' share option scheme ("New ESOS") of up to 15% of the issued share capital of BesHom (excluding treasury shares of BesHom, if any) at any point in time during the duration of the ESOS, for the eligible employees and directors of BesHom and its subsidiary companies which are not dormant, who fulfil the eligibility criteria as set out in the by-laws of the ESOS ("Proposed New ESOS") upon the completion of the Proposed Internal Reorganisation.

On 8 March 2021, the High Court of Malaya has fixed 5 April 2021 as the hearing date for the Company's application to seek an order to convene a meeting of members pursuant to Sec 366 of the Companies Act 2016 for the purpose of considering to approve the Proposed Internal Reorganisation.

The listing application in relation to the above Corporate Proposals has been submitted to Bursa Securities on 9 March 2021.

## B9 Group Borrowings and Debts Securities

The Group borrowings and debts securities as at 31 January 2021 were as follows :

Current period ended 31/01/2021				
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>				<b>-</b>

Preceding period ended 31/01/2020				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowings	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	316
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
<b>Total</b>				<b>316</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

There is no dividend proposed by the Board of Directors in the quarter under review.  
(31/01/2020: 3 sen second single tier interim dividend).

## 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
	31/01/2021	31/01/2020	31/01/2021	31/01/2020
<i>Earnings</i>				
Net profit for the period attributable to equity holders of the parent (RM'000)	10,283	7,599	30,898	22,660
Weighted average number of shares ('000)	290,131	290,392	290,131	290,392
Weighted average number of shares for diluted EPS ('000)	- *	- *	-*	-*
Basic earnings per share (sen)	3.54	2.62	10.65	7.80
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>31/01/2021 RM' 000</b>	<b>31/01/2020 RM' 000</b>	<b>31/01/2021 RM' 000</b>	<b>31/01/2020 RM' 000</b>
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	185	253	533	768
Other income including investment Income	1,059	751	3,747	2,828
Interest expense	(74)	(71)	(214)	(217)
Depreciation and amortization on PPE & IP	(1,155)	(1,217)	(3,347)	(3,573)
Depreciation and amortization on Right-use-of-assets	(416)	(376)	(1,426)	(1,127)
Provision for and write off of receivables	(251)	(127)	(257)	(273)
Provision for and write off of inventories	(25)	(228)	(330)	(586)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	165	-	1,079	-
Foreign exchange gain/(loss):				
- Realised	107	92	361	241
- Unrealised	54	(91)	(34)	(201)
Gain or loss on derivatives	-	-	-	-
Impairment loss	-	-	-	(26)
Reversal of impairment loss of inventories	43	-	440	-
Exceptional items	-	-	-	-