

Part A - Explanatory Notes Pursuant To MFRS 134

1. Basis of Preparation

The condensed consolidated interim financial statements (“Report”) 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. This Report also complies with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”).

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. The explanatory notes attached to this Report 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 31 December 2020.

2. Significant Accounting Policies

2.1 Adoption of New and Amendments/Improvements to MFRS

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2020.

The Group also applied the following standards, IC Interpretations and amendment to standard that have been issued by the Malaysian Accounting Standards Board (“MASB”) effective from 1 January 2021:

Effective for annual periods beginning on or after 1 January 2021

Amendment to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform – Phase 2

Effective for annual periods beginning on or after 1 April 2021

Amendment to MFRS 16 Leases : Covid-19 – Related Rent Concessions beyond 30 June 2021

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

The Group have not applied the following standards that have been issued by the MASB but are not yet effective for the Group:

Effective for annual periods beginning on or after 1 January 2022

Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

Amendments to MFRS 101 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

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

3. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 was not qualified.

4. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

5. Changes in Accounting Estimates

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the results for the current financial period under review.

6. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period under review.

7. Dividends Paid

No dividends were paid in the current quarter under review.

8. Segmental Information

Segmental information is presented in respect of the Group's business segments.

	9 months ended 30.09.2021 (RM'000)	9 months ended 30.09.2020 (RM'000)
Segment Revenue		
Personal care	21,937	32,005
Household	11,943	8,858
Total revenue including inter segment sales	<u>33,880</u>	<u>40,863</u>
Elimination of inter-segment sales	<u>(1,510)</u>	<u>(2,399)</u>
	<u>32,370</u>	<u>38,464</u>
Segment Results		
Personal care	(2,982)	1,430
Household	(296)	271
Investment holding	3,265	1,141
Total results	<u>(13)</u>	<u>2,842</u>
Results excluding inter segment sales	(13)	2,842
Interest expense	(10)	(10)
Interest income	119	299
Share of results of joint ventures	(76)	(406)
Profit before tax	20	2,725
Tax expense	<u>(295)</u>	<u>(675)</u>
(Loss)/Profit for the financial period	<u>(275)</u>	<u>2,050</u>

9. Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 31 December 2020.

10. Subsequent Event

There were no material events subsequent to the end of the reporting period which require disclosure.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review, except for the following:-

- (i) In September 2021, Guangzhou Eng Kah Business Consulting Co., Ltd, a wholly owned subsidiary of the Group disposed of 30% equity interest of Cosway (Guangzhou) Cosmetic Manufacture Co., Ltd., equivalent to RMB2,408,178 of registered capital, for a consideration of RMB1,080,000 (equivalent to approximately RM700 thousand).

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

13. Capital Commitments

The Outstanding capital commitment as at the end of the reporting period is as follows:

	RM'000
Contracted but not provided for:	
-Others	40
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Part B: Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

1. Review of Performance

	Individual Quarter 3 Months Ended			Cumulative Quarter 9 Months Ended		
	(Unaudited) 30.09.2021 RM'000	(Unaudited) 30.09.2020 RM'000	Changes (Amount/ %)	(Unaudited) 30.09.2021 RM'000	(Unaudited) 30.09.2020 RM'000	Changes (Amount/ %)
Revenue						
- Personal care	7,167	12,055	-4,888/ -40.55%	20,427	29,606	-9,179/ -31.00%
- Household	4,588	3,755	833/ 22.18%	11,943	8,858	3,085/ 34.83%
	<u>11,755</u>	<u>15,810</u>	<u>-4,055/ -25.65%</u>	<u>32,370</u>	<u>38,464</u>	<u>-6,094 / -15.84%</u>
Profit before tax						
- Personal care	(720)	463	-1,183/ -255.51%	(2,982)	1,430	-4,412/ -308.53%
- Household	(51)	149	-200/ -134.23%	(296)	271	-567/ -209.23%
- Investment holding	824	394	430/ 109.14%	3,298	1,024	2,274/ 222.07%
	<u>53</u>	<u>1,006</u>	<u>-953/ -94.73%</u>	<u>20</u>	<u>2,725</u>	<u>-2,705/ -99.27%</u>

Comparison with Corresponding Quarter in Previous Period

Generally, the impact of seasonality on the demand for the Group's products is not that significant. The turnover for the reporting quarter was RM11.76 million, a decrease of RM4.05 million or 25.65% compared to the preceding year's corresponding quarter of RM15.81 million. The lower turnover was mainly due to lesser orders received during the reporting quarter. The National Recovery Plan was introduced by our Government from June 15, 2021, by which the recovery of the economic sector for each state are still restricted.

During the individual quarter under review, the demands for personal care and household products were 60.97% and 39.03% respectively as compared to 76.25% and 23.75% respectively of the preceding year's corresponding quarter. The difference was fairly usual in terms of manufacturing activities of the Group.

The Group recorded a profit before tax of RM0.05 million compared to a profit before tax of RM1.01 million in the preceding year's corresponding quarter mainly due to the lower production because of lower orders placed by the customers during the period which was due to various movement control orders imposed by our Government because of the Covid-19 pandemic.

2. Comparison with Preceding Quarter's Results

	Current quarter 30.09.2021 RM'000	Immediate Preceding Quarter 30.06.2021 RM'000	Changes (Amount/%)
<i>Revenue</i>			
- Personal care	7,167	7,418	-251/ -3.38%
- Household	4,588	3,760	828/ 22.02%
	11,755	11,178	577/ 5.16%
<i>Profit/(Loss) before tax</i>			
- Personal care	(720)	(849)	129/ 15.19%
- Household	(51)	(76)	25/ 32.89%
- Investment holding	824	33	791/ 2,396.97%
	53	(892)	945/ 105.94%

The turnover for the reporting quarter was RM11.76 million as compared to RM11.18 million of the immediately preceding quarter, an increase of approximately 5.16% or RM0.58 million. The increase in turnover was mainly due to the improvement in the Group's export market like Myanmar, due to its unstable political situation during the previous quarter in current year, as compared to the immediate preceding period.

The Group recorded a profit before tax of RM0.05 million for the current quarter as compared to loss before tax of RM0.89 million of the immediately preceding quarter. The higher PBT was mainly due to the gain on disposal of investment in a joint venture of RM0.70 million during the current quarter and the increase in export sales in the current quarter which has generated higher profit margin.

During the quarter under review, the PBT margin was approximately 0.45% as compared to LBT margin of -7.98% of the immediately preceding quarter. The higher PBT margin was mainly due to the sales of higher profit margin products and gain of RM0.70 million derived from the disposal of investment in a joint venture of a wholly owned subsidiary of the Group in current quarter.

3. Commentary on Prospects

The Covid-19 pandemic has resulted in significant levels of uncertainty across the global economy and Malaysian economy was not spared. At this juncture, the Management is not in a position to quantify the financial impact of Covid-19 pandemic in its entirety due to the uncertainties prevailing within and outside the country.

In response to the uncertainty and the increase of Covid-19 infection cases, the Group will continue to monitor closely the situation surrounding the pandemic so as to enable the Group to initiate countermeasures on a timely basis.

In the current condition, the health and hygiene products will continue to be in demand in the market. The Group will continue to enhance a wide range of hygiene products including but not limited to liquid sanitizers, surface and spray disinfectants and skin protection moisturizers, to name a few, the Group hopes that these wide range of products and more attention on production of essential health care products which are high in demand will further enhance the turnover and profitability of the Group in future.

Besides that, the Group will continue to manufacture the unique and impressive souvenir products that are able to capture the beautiful scenery and memorable moments of customers' choice with 3D printing effect on glass bottles which the Group has patented it. With high profit margin for souvenir products, it will enhance the profitability of the Group in future.

4. Profit Forecast Variance

Not applicable as the Company did not publish any profit forecast or profit guarantee.

5. Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	(Unaudited) 30.09.2021	(Unaudited) 30.09.2020	(Unaudited) 30.09.2021	(Unaudited) 30.09.2020
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Based on results for the financial period				
- Current tax	(99)	(313)	(298)	(624)
- Deferred tax	1	40	3	(51)
	<u>(98)</u>	<u>(273)</u>	<u>(295)</u>	<u>(675)</u>

6. Profit for the Financial Period

	Individual Quarter 3 Months Ended 30.09.2021 (Unaudited) RM'000	Cumulative Quarter 9 Months Ended 30.09.2021 (Unaudited) RM'000
Allowance for expected credit loss	-	50
Depreciation	281	852
Interest income	(54)	(119)
(Gain)/Loss on foreign exchange		
- Realised	27	(20)
Gain on disposal of investment on Joint Venture	621	621
Property, plant and equipment written off	-	15
Inventories written off	667	667

Other than the above items, there were no gain or loss on disposal of quoted or properties, provision for receivables, gain or loss on derivatives as well as other exceptional items.

7. Corporate Proposal

There were no corporate proposals announced or not completed as at the date of this report.

8. Borrowings and Debt Securities

The Group's borrowings as at the end of the current period are as follows:

	(Unaudited) 30.09.2021 Denominated in RM RM'000	(Unaudited) 30.09.2020 Denominated in RM RM'000
Secured:		
Long term		
Hire purchase loans	283	-
Short term		
Hire purchase loans	18	58
Total borrowings	301	58
Average effective interest rate:		
Hire purchase loans	2.09% to 2.70%	2.39% to 2.70%

9. Material Litigations

The Group is not involved in any material litigation as at the date of this report.

10. Proposed Dividends

The Board do not recommend the payment of interim dividend for the reporting quarter.

11. Earnings Per Share

(i) Basic earnings per share

The basic earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
(Loss)/Profit for the financial period Attributable to owners of the Company (RM'000)	(45)	733	(275)	2,050
Weighted average number of ordinary shares in issue ('000)	118,122	70,757	100,595	70,757
Basic earnings per share (sen)	(0.04)	1.04	(0.27)	2.90

(ii) Diluted earnings per share

The diluted earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter		Cumulative Quarter	
	3 Months Ended	3 Months Ended	9 Months Ended	9 Months Ended
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
(Loss)/profit for the financial period Attributable to owners of the Company (RM'000)	(45)	733	(275)	2,050
Weighted average number of ordinary shares in issue ('000)	118,122	70,757	100,595	70,757
Effect of share-based payment transaction	262	-*	262	-*
Effect of warrants	_#	_#	_#	_#
Weighted average number of ordinary shares in issue - diluted ('000)	118,384	70,757	100,857	70,757
Diluted earnings per share (sen)	(0.04)	1.04	(0.27)	2.90

* The effects of the ESOS have not been computed as they are anti-dilutive in nature.

The effects of the warrants are anti-dilutive in nature.