

## 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 2019. 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 2019.

### 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 2019.

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 2020:

##### **Effective for annual periods beginning on or after 1 January 2020**

Amendments to References to the Conceptual Framework in MFRS Standards  
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, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

##### **Effective for annual periods beginning on or after 1 June 2020**

*Amendments to MFRS 16 Covid-19-Related Rent Concessions*

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 16 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 101 Classification of Liabilities as Current or Non-current*

**Effective date yet to be confirmed**

*Amendments to MFRS 10 Consolidated Financial Statements and MFRS 12 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 2019 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 during the current period. The following dividend was paid in the previous period:

	31.12.2020	31.12.2019
Final dividend for the financial year	-	31 December 2018
Declared and approved on	-	29 May 2019
Date paid	-	16 August 2019
Dividend per share (single-tier)	-	3 sen
Net dividend paid	-	RM2,122,723

## 8. Segmental Information

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

	<b>12 months ended 31.12.2020 (RM'000)</b>	<b>12 months ended 31.12.2019 (RM'000)</b>
<b>Segment Revenue</b>		
Personal care	41,445	38,642
Household	12,511	10,803
Investment holding	1,000	3,417
Total revenue including inter segment sales	<u>54,956</u>	<u>52,862</u>
Elimination of inter-segment sales	<u>(3,650)</u>	<u>(3,783)</u>
	<u>51,306</u>	<u>49,079</u>
<b>Segment Results</b>		
Personal care	1,500	(773)
Household	552	(175)
Investment holding	2,334	3,902
Total results	<u>4,386</u>	<u>2,954</u>
Elimination	<u>(1,000)</u>	<u>(2,130)</u>
Results excluding inter segment sales	3,386	824
Interest expense	(14)	(15)
Interest income	356	503
Share of results of joint ventures	<u>(313)</u>	<u>(513)</u>
Profit before tax	3,415	799
Tax expense	<u>(768)</u>	<u>(21)</u>
Profit for the financial period	<u>2,647</u>	<u>778</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 2019.

## 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.

## 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:	
-Property, plant and equipment	89
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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 12 Months Ended		
	(Unaudited) 31.12.2020 RM'000	(Unaudited) 31.12.2019 RM'000	Changes (Amount/ %)	(Unaudited) 31.12.2020 RM'000	(Audited) 31.12.2019 RM'000	Changes (Amount/ %)
<b>Revenue</b>						
- Personal care	9,189	9,412	-223/ -2.37%	38,795	38,276	519/ 1.36%
- Household	3,653	3,042	611/ 20.09%	12,511	10,803	1,708/ 15.81%
	<u>12,842</u>	<u>12,454</u>	<u>388 / 3.12%</u>	<u>51,306</u>	<u>49,079</u>	<u>2,227/ 4.54%</u>
<b>Profit/(Loss) before tax</b>						
- Personal care	70	(339)	409/ 120.65%	1,500	(786)	2,286/ 290.84%
- Household	281	(71)	352/ 495.77%	552	(177)	729/ 411.86%
- Investment holding	339	(257)	596/ 231.91%	1,363	1,762	-399/ -22.64%
	<u>690</u>	<u>(667)</u>	<u>1,357/ 203.45%</u>	<u>3,415</u>	<u>799</u>	<u>2,616/ 327.41%</u>

**Comparison with Corresponding Quarter in Previous Year**

Generally, impact of seasonality on the demand for the Group's products is not that significant. The turnover for the reporting quarter was RM12.84 million as compared to RM12.45 million of the preceding year corresponding quarter. The slight increased in turnover was mainly due to the more orders received during the reporting quarter.

During the quarter under review, revenue was slightly increased as compared to the previous year corresponding quarter. This is mainly due to more orders received from customers. In addition, the Group also registered a higher PBT in the current reporting quarter with a margin of 5.37% as compared to Loss Before Taxation in previous year corresponding quarter of -5.36%. The increase in the PBT margin from -5.36% to 5.37% was due to the sales of higher margin products as well as cost saving on operating expenses.

During the quarter under review, the demands for personal care and household products were 71.55% and 28.45% respectively as compared to 75.57% and 24.43% respectively of the preceding year corresponding quarter. The change was fairly usual in terms of manufacturing activities of the Group.

## 2. Comparison with Preceding Quarter's Results

	<b>Current quarter 31.12.2020 RM'000</b>	<b>Immediate Preceding Quarter 30.09.2020 RM'000</b>	<b>Changes (Amount/%)</b>
<b>Revenue</b>			
- Personal care	9,189	12,055	-2,866/ -23.77%
- Household	3,653	3,755	-102/ -2.72%
	12,842	15,810	-2,968/ -18.77%
<b>Profit before tax</b>			
- Personal care	70	463	-393/ -84.88%
- Household	281	149	132/ 88.59%
- Investment holding	339	394	-55/ -13.96%
	690	1,006	-316/ -31.41%

The turnover for the reporting quarter was RM12.84 million as compared to RM15.81 million of the immediately preceding quarter, a decrease of approximately 18.77%. The decrease in turnover was mainly due lesser orders received from customers during CMCO.

The Group recorded a PBT of RM0.69 million for the current quarter as compared to PBT of RM1 million of the immediately preceding quarter. The lower PBT during the reporting quarter was mainly due to the decrease in turnover during CMCO.

During the quarter under review, the PBT margin was approximately 5.37% as compared to PBT margin of 6.36% of the immediate preceding quarter. The lower PBT margin was mainly due to the decrease in turnover during CMCO.

## 3. Commentary on Prospects

The outbreak 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.

Regardless, 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.

Going forward, the Group will further enhance its presence in local market while strengthening its business presence in overseas market.

Arising from Covid-19 pandemic and the increase in demand of essential health care products, with the Group's continuous on-going research and development, the Group has successfully launched a wide range of personal care and household 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 demanding will further enhance the turnover and profitability of the Group in future.

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. With better profit margin for souvenir products, it will enhance the profitability of the Group in future.

The Group will also continue to focus on Multi-National Corporations ("MNC") customers to expand and diversify its customer base. It is also part of the Group's marketing strategy to continue in exploring other potential customers and joint ventures.

Subject to an expected improvement of the current Covid-19 situation, based on the Group's current outstanding order book coupled with positive outlook of Personal Care, Household & PPE demand, the Board is confident in delivering satisfactory results for the next financial year.

#### 4. Profit Forecast Variance

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

#### 5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	(Unaudited) 31.12.2020 RM'000	(Unaudited) 31.12.2019 RM'000	(Unaudited) 31.12.2020 RM'000	(Audited) 31.12.2019 RM'000
Malaysian income tax: Based on results for the financial period/year				
- Current tax	(188)	269	(812)	113
- Deferred tax	95	(66)	44	(134)
	<u>(93)</u>	<u>203</u>	<u>(768)</u>	<u>(21)</u>

## 6. Profit for the Financial Period/Year

	<b>Individual Quarter 3 Months Ended 31.12.2020 (Unaudited) RM'000</b>	<b>Cumulative Quarter 12 Months Ended 31.12.2020 (Unaudited) RM'000</b>
Depreciation	291	1,160
Interest income	(45)	(356)
Equity-settled share-based payment	101	101
(Gain)/Loss on foreign exchange		
- Realised	(180)	(314)
- Unrealised	(69)	(69)

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

## 7. Corporate Proposal

Save as disclosed below, there were no corporate proposals announced or not completed as at the date of this report:

On 11 January 2021, RHB Investment Bank (“RHBIB”) had, on behalf of the Board, announced to Bursa Malaysia Securities Berhad (“Bursa Securities”) that the Company proposed to undertake the following:

- (i) Issuance of up to 52,759,618 Bonus Shares on the basis of two (2) Bonus Shares for every three (3) existing Eng Kah Shares held by shareholders of Eng Kah whose names appear in the Record of Depositors of the Company as at the close of business on the entitlement Date.
- (ii) Free Warrants issue will entail the issuance of up to 39,569,713 free Warrants B on the basis of one (1) Warrants B for every two (2) existing Eng Kah Shares held by the Entitled Shareholders as at the close of business on the Entitlement Date.

(collectively referred as “Proposals”)

On 10 February 2021, RHBIB announced that Bursa Securities had, vide its letter dated 10 February 2021, approved the following:

- (i) Listing and quotation of up to 52,759,618 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- (ii) Admission to the Official List of Bursa Securities and the listing and quotation of up to 39,569,713 Warrants B to be issued pursuant to the proposed Free Warrants Issue; and
- (iii) Listing and quotation of up to 39,569,713 new Eng Kah Shares to be issued arising from the exercise of the Warrants B.

The Proposals are expected to be completed by the early second quarter of 2021.

## 8. Borrowings and Debt Securities

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

	<b>(Unaudited)</b> <b>31.12.2020</b> <b>Denominated in</b> <b>RM</b> <b>RM'000</b>	<b>(Audited)</b> <b>31.12.2019</b> <b>Denominated in</b> <b>RM</b> <b>RM'000</b>
<b>Secured:</b>		
<b>Long term</b>		
Hire purchase loans	-	36
<b>Short term</b>		
Hire purchase loans	33	100
Total borrowings	<u>33</u>	<u>136</u>
Average effective interest rate:		
Hire purchase loans	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

On 23 February 2021, the Board of Directors has declared a first interim dividend of 3.5 sen per ordinary share amounting to RM2,476,510 in respect of financial year ended 31 December 2020, payable at a date to be determined later.

## 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:

	<b>Individual Quarter</b> <b>3 Months Ended</b>		<b>Cumulative Quarter</b> <b>12 Months Ended</b>	
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Profit/(loss) for the financial period/year Attributable to owners of the Company (RM'000)	<u>597</u>	<u>(464)</u>	<u>2,647</u>	<u>778</u>
Weighted average number of ordinary shares in issue ('000)	<u>70,757</u>	<u>70,757</u>	<u>70,757</u>	<u>70,757</u>
Basic earnings per share (sen)	<u>0.84</u>	<u>(0.66)</u>	<u>3.74</u>	<u>1.10</u>



(ii) **Diluted earnings per share**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>	<b>3 Months Ended</b>	<b>12 Months Ended</b>	<b>12 Months Ended</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Profit /(loss) for the financial period/year Attributable to owners of the Company (RM'000)	597	(464)	2,647	778
Weighted average number of ordinary shares in issue ('000)	70,757	70,757	70,757	70,757
Effect of share-based payment transaction	-*	-*	-*	-*
Effect of warrants	-#	-#	-#	-#
Weighted average number of ordinary shares in issue - diluted ('000)	70,757	70,757	70,757	70,757
Diluted earnings per share (sen)	0.84	(0.66)	3.74	1.10

\* 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.