

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 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.

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

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 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 other than the following:

On 5 April 2021, the Company issued 116,000 new ordinary shares at an exercise price of RM0.64 per share pursuant to the Employees Share Option Scheme. The 116,000 new ordinary shares were listed on the Main Market of Bursa Securities on 7 April 2021.

7. Dividends Paid

No dividends were paid in the previous period. The following dividend was paid during the current period:

	31.03.2021	31.03.2020
Interim dividend for the financial year	31 December 2020	-
Declared and approved on	25 February 2021	-
Date paid	30 March 2021	-
Dividend per share (single-tier)	3.5 sen	-
Net dividend paid	RM2,476,510	-

8. Segmental Information

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

	3 months ended 31.03.2021 (RM'000)	3 months ended 31.03.2020 (RM'000)
Segment Revenue		
Personal care	6,240	9,774
Household	3,595	2,330
Total revenue including inter segment sales	9,835	12,104
Elimination of inter-segment sales	(398)	(695)
	<u>9,437</u>	<u>11,409</u>
Segment Results		
Personal care	(1,413)	380
Household	(169)	24
Investment holding	2,441	213
Total results	859	617
Results excluding inter segment sales	859	617
Interest expense	(2)	(2)
Interest income	29	85
Share of results of joint ventures	(27)	(127)
Profit before tax	859	573
Tax expense	(92)	(167)
Profit for the financial period	<u>767</u>	<u>406</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.

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	393
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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 3 Months Ended		
	(Unaudited) 31.03.2021 RM'000	(Unaudited) 31.03.2020 RM'000	Changes (Amount/ %)	(Unaudited) 31.03.2021 RM'000	(Audited) 31.03.2020 RM'000	Changes (Amount/ %)
Revenue						
- Personal care	5,842	9079	-3,237/ -35.65%	5,842	9,079	-3,237/ -35.65%
- Household	3,595	2,330	1,265/ 54.29%	3,595	2,330	1,265/ 54.29%
	<u>9,437</u>	<u>11,409</u>	<u>-1,972 / -17.28%</u>	<u>9,437</u>	<u>11,409</u>	<u>-1,972 / -17.28%</u>
Profit/(Loss) before tax						
- Personal care	(1,413)	380	-1,793/ -471.84%	(1,413)	380	-1,793/ -471.84%
- Household	(169)	24	-193/ -804.17%	(169)	24	-193/ -804.17%
- Investment holding	2,441	169	2,272/ 1,344.38%	2,441	169	2,272/ 1,344.38%
	<u>859</u>	<u>573</u>	<u>286/ 49.91%</u>	<u>859</u>	<u>573</u>	<u>286/ 49.91%</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 RM9.43 million as compared to RM11.41 million of the preceding year corresponding quarter. The lower turnover was mainly due to the lesser orders placed during the reporting quarter which was affected by the outbreak of Covid-19 pandemic and the reimposition of Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") from 13 January 2021 onwards to break or stop the spread of Covid-19 pandemic.

During the quarter under review, the Profit Before Tax ("PBT") margin was approximately 9.10% as compared to 5.02% in the previous year corresponding quarter. Despite the lower revenue in the reporting quarter as compared to the previous year corresponding quarter, the Group achieved higher PBT margin in the reporting quarter which was mainly due to the dividend income from a joint venture of RM2.3 million.

Excluding the dividend income of RM2.3 million from the joint venture, the Group recorded a Loss Before Tax ("LBT") margin of -15.57% in the reporting quarter as compared to a PBT margin of 5.02% in the previous year corresponding quarter. The main factors for recording a LBT margin were due to the lower turnover and change in product mix during the reporting quarter.

During the quarter under review, the demands for personal care and household products were 61.90% and 38.09% respectively as compared to 79.58% and 20.42% 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

	Current quarter 31.03.2021 RM'000	Immediate Preceding Quarter 31.12.2020 RM'000	Changes (Amount/%)
<i>Revenue</i>			
- Personal care	5,842	9,189	-3,347/ -36.42%
- Household	3,595	3,653	-58/ -1.59%
	9,437	12,842	-3,405/ -26.51%
<i>Profit before tax</i>			
- Personal care	(1,413)	70	-1,483/ -2,118.57%
- Household	(169)	281	-450/ -160.14%
- Investment holding	2,441	339	2,102/ 620.06%
	859	690	169/ 24.49%

The turnover for the reporting quarter was RM9.43 million as compared to RM12.84 million of the immediate preceding quarter, a decrease of approximately 26.51%. The decrease in turnover was mainly due to the lesser orders placed during the reporting quarter which was affected by the outbreak of Covid-19 pandemic and the reimposition of Movement Control Order (“MCO”) and Conditional Movement Control Order (“CMCO”) by our Government from 13 January 2021 onwards to break or stop the spread of Covid-19 pandemic.

The Group recorded a PBT of RM0.86 million for the current quarter as compared to PBT of RM0.69 million of the immediate preceding quarter. The higher PBT during the reporting quarter was mainly due to the dividend income of RM2.3 million from a joint venture.

During the quarter under review, the PBT margin was approximately 9.10% as compared to PBT margin of 5.37% of the immediate preceding quarter. The higher PBT margin was mainly due to the dividend income of RM2.3 million from a joint venture.

3. Commentary on Prospects

The outbreak Covid-19 pandemic has resulted in significant levels of uncertainty across the global economy and our Malaysian economy was not spared as well. 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 the situation surrounding the pandemic closely so as to enable the Group to initiate any 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.

Due to the Covid-19 pandemic and the increase in demand of essential health care products, the Group has stepped up its research and development capability. As a result, the Group had launched a wide range of personal care and household products such as liquid sanitizers, surface and spray disinfectants and skin protection moisturizers to add to its variety of products that have already been manufactured. The Group hopes that these additional range of products will further enhance the turnover and profitability of the Group in the future.

The Group will continue to manufacture the unique and impressive souvenir products that are able to capture the beautiful sceneries 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 the 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.

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) 31.03.2021 RM'000	(Unaudited) 31.03.2020 RM'000	(Unaudited) 31.03.2021 RM'000	(Unaudited) 31.03.2020 RM'000
Malaysian income tax: Based on results for the financial period/year				
- Current tax	(92)	(24)	(92)	(24)
- Deferred tax	-	(143)	-	(143)
	<u>(92)</u>	<u>(167)</u>	<u>(92)</u>	<u>(167)</u>

6. Profit for the Financial Period/Year

	Current quarter (Unaudited) RM'000
Depreciation	275
Interest income	(29)
Equity-settled share-based payment	16
(Gain)/Loss on foreign exchange - Realised	(26)

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 and 27 January 2021, the Company announced to Bursa Malaysia Securities Berhad (“Bursa Securities”) that it proposes 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.

On 10 February 2021, RHB Investment Bank (“RHBIB”) had, on behalf of the Board, 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.

On 12 April 2021, the Company issued 47,248,540 new ordinary shares pursuant to the Bonus Issue of Shares. On 13 April 2021, RHBIB had, on behalf of the Board, announced that 47,248,540 Bonus Shares were listed and quoted on the Main Market of Bursa Securities on 13 April 2021 making the completion of Bonus Issue of Shares.

On 12 April 2021, the Company issued 35,436,694 Free Warrants B pursuant to the Bonus Issue of Warrants. On 21 April 2021, RHBIB had, on behalf of the Board, announced that the Free Warrants Issue has been completed following the admission of the Warrant B to the Official List of Bursa Securities and the listing and quotation of 35,436,694 Warrant B on the Main Market of Bursa Securities on 21 April 2021.

8. Borrowings and Debt Securities

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

	(Unaudited) 31.03.2021 Denominated in RM RM'000	(Audited) 31.03.2020 Denominated in RM RM'000
Secured:		
Long term		
Hire purchase loans	-	-
Short term		
Hire purchase loans	19	110
Total borrowings	<u>19</u>	<u>110</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

- (a) The Board do not recommend the payment of interim dividend for the reporting quarter.
- (b) The total dividend declared for the current financial year ending 31 December 2021 are summarised as follows:

	Financial year ending 31.12.2021	Financial year ended 31.12.2020
Interim dividend	-	3.5 sen

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 3 Months Ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit/(loss) for the financial period/year Attributable to owners of the Company (RM'000)	767	406	767	406
Weighted average number of ordinary shares in issue ('000)	70,757	70,757	70,757	70,757
Basic earnings per share (sen)	1.08	0.57	1.08	0.57

(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 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit /(loss) for the financial period/year Attributable to owners of the Company (RM'000)	767	406	767	406
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)	1.08	0.57	1.08	0.57

* 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.