



YEW LEE PACIFIC GROUP BERHAD

Registration No. 202001036243 (1392564-D)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

YEW LEE PACIFIC GROUP BERHAD

Registration No. 202001036243 (1392564-D)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the Third Quarter Ended 30 September 2023 ⁽¹⁾**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2022 RM'000	Unaudited Current Year-to- date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
Revenue		5,661	6,104	16,214	24,347
Cost of sales		(4,184)	(3,980)	(11,823)	(16,594)
Gross profit		1,477	2,124	4,391	7,753
Other income		477	431	1,344	779
Administrative expenses		(1,884)	(1,419)	(5,562)	(7,689)
Selling and marketing expenses		(26)	(41)	(83)	(232)
Finance costs		(4) ₋	(88)	(37)	(245)
Share of profit / (loss) of an associate		2	(7)	47	78
Other expenses		(3)	(42)	(43)	(51)
Profit before tax	B12	43	958	57	393
Income tax	B5	(167)	(194)	(326)	(802)
(Loss) / Profit after tax		(124)	764	(269)	(409)
Other comprehensive (loss)/ income:					
- Foreign currency translation of foreign operation		(52)	(8)	(41)	(2)
- Share of other comprehensive loss of an associate		9	-	(4)	-
Total comprehensive (loss) / profit for the financial period		(167)	756	(314)	(411)
(Loss) / Profit attributable to:					
- Owners of the Company		(124)	764	(269)	(408)
- Non-controlling interest		(4) ₋	-	(4) ₋	(1)
		(124)	764	(269)	(409)
Total comprehensive (loss) / profit attributable to:					
- Owners of the Company		(167)	756	(314)	(411)
- Non-controlling interest		(4) ₋	-	(4) ₋	-
		(167)	756	(314)	(411)
(Loss) / Earning per share ("LPS") / ("EPS")					
- Basic (Sen) ⁽²⁾	B11	(0.02)	0.14	(0.05)	(0.08)
- Diluted (Sen) ⁽³⁾	B11	(0.02)	0.14	(0.05)	(0.08)

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**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the Third Quarter Ended 30 September 2023 ⁽¹⁾ (Continued)**

NOTES:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.
- (2) Basic LPS / EPS is calculated based on the Company's weighted share capital of 532,572,983 ordinary shares.
- (3) Diluted LPS / EPS is calculated based on the Company's weighted share capital of 532,481,897 ordinary shares.
- (4) Represents less than RM1,000.

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YEW LEE PACIFIC GROUP BERHAD

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**Unaudited Condensed Consolidated Statements of Financial Position
As At 30 September 2023 ⁽¹⁾**

	Note	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
Non-current assets			
Property, plant and equipment		20,550	10,699
Right-of-use assets		45	7,557
Investment in an associate company		467	449
		21,062	18,705
Current assets			
Inventories		4,729	5,778
Trade receivables		4,443	4,480
Other receivables, deposits and prepayments		3,746	330
Tax recoverable		1,330	364
Short-term investment funds		29,917	30,125
Fixed deposits with licensed banks		7,031	14,030
Cash and bank balances		6,224	7,928
		57,420	63,035
Total assets		78,482	81,740
Equity			
Share capital		67,352	66,966
Merger reserves		(31,197)	(31,197)
Foreign currency translation reserve		(102)	(57)
Retained earnings		37,961	38,230
		74,014	73,942
Non-controlling interests		(1)	(1)
Total equity		74,013	73,941
Non-current liabilities			
Bank borrowings	B8	-	2,685
Lease liabilities		19	41
Deferred tax liabilities		1,005	1,006
		1,024	3,732
Current liabilities			
Trade payables		2,597	2,265
Other payables and accruals		820	1,678
Bank borrowings	B8	-	98
Lease liabilities		28	26
		3,445	4,067
Total liabilities		4,469	7,799
Total equity and liabilities		78,482	81,740
Net assets per share (Sen) ⁽²⁾		13.86	13.89
Gearing ratio (times)		(3) -	0.04

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**Unaudited Condensed Consolidated Statements of Financial Position
As At 30 September 2023 ⁽¹⁾ (Continued)**

NOTES:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 ("FYE 2022") as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the number of ordinary shares in issue of 533,814,400 shares as at 30 September 2023 (31 December 2022: 532,435,600 shares).
- (3) Represents less than 0.01 times.

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YEW LEE PACIFIC GROUP BERHAD

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**Unaudited Condensed Consolidated Statements of Changes in Equity
for the Period Ended 30 September 2023 ⁽¹⁾**

	----- Attributable to Owners of the Company -----								
	-----Non-Distributable-----				Distributable		Sub-Total	Non-Controlling Interest	Total Equity
	Share Capital	Invested Equity	Merger Reserves	Foreign Currency Translation Reserve	Retained Earnings	RM'000			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 31 December 2021/ 1 January 2022 (Audited)	(2) -	350	-	(60)	41,276	41,566	(2) -	41,566	
Transaction with owners:									
Acquisition of subsidiaries	-	(350)	(31,197)	-	-	(31,547)	-	(31,547)	
Issuance of shares pursuant to acquisition of subsidiaries	31,547	-	-	-	-	31,547	-	31,547	
Issuance of share pursuant to public issue	37,270	-	-	-	-	37,270	-	37,270	
Transaction cost related to IPO issuance	(1,851)	-	-	-	-	(1,851)	-	(1,851)	
Dividend paid	-	-	-	-	(1,597)	(1,597)	-	(1,597)	
	66,966	(350)	(31,197)	-	(1,597)	33,822	-	33,822	
Loss for the financial year	-	-	-	-	(1,449)	(1,449)	(1)	(1,450)	
Other comprehensive income	-	-	-	3	-	3	(2) -	3	
Total comprehensive profit/ (loss) for the financial year	-	-	-	3	(1,449)	(1,446)	(1)	(1,447)	
Balance as at 31 December 2022 / 1 January 2023 (Audited)	66,966	-	(31,197)	(57)	38,230	73,942	(1)	73,941	

NOTES:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the FYE 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Represents less than RM1,000.

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**Unaudited Condensed Consolidated Statements of Changes in Equity
for the Period Ended 30 September 2023 ⁽¹⁾ (Continued)**

	----- Attributable to Owners of the Company -----								
	-----Non-Distributable-----				Distributable		Sub-Total	Non-Controlling Interest	Total Equity
	Share Capital	Invested Equity	Merger Reserves	Foreign Currency Translation Reserve	Retained Earnings	RM'000			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 31 December 2022/ 1 January 2023 (Audited)	66,966	-	(31,197)	(57)	38,230	73,942	(1)	73,941	
Transaction with owners:									
Issuance of ordinary share pursuant to:									
- Exercise of warrant	386	-	-	-	-	386	-	386	
	67,352	-	-	-	-	386	-	386	
Loss for the financial period	-	-	-	-	(269)	(269)	⁽²⁾ -	(269)	
Other comprehensive loss	-	-	-	(45)	-	(45)	⁽²⁾ -	(45)	
Total comprehensive loss for the financial period	-	-	-	(45)	(269)	(314)	⁽²⁾ -	(314)	
Balance as at 30 September 2023	67,352	-	(31,197)	(102)	37,961	74,014	(1)	74,013	

NOTES:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Represents less than RM1,000.

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**Unaudited Condensed Consolidated Statements of Cash Flows
for the Third Quarter Ended 30 September 2023 ⁽¹⁾**

	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year-to-date 30.09.2022 RM'000
Cash flow from operating activities		
Profit before tax	57	393
Adjustment for: -		
Amortisation of right-of-use assets	19	217
(Recovery) / Impairment of trade receivables, net	(2)	53
Depreciation of property, plant and equipment	1,126	854
Fair value gain on short-term investment	(792)	-
Finance costs	37	245
(Gain) / Loss on disposal of non-current assets	(39)	5
Interest income	(331)	(205)
Property, plant and equipment written off	-	1
Share of profit result of an associate	(47)	(78)
Unrealised gain on foreign exchange, net	(38)	(14)
Operating (loss) / profit before working capital changes	(10)	1,471
Changes in working capital:		
Inventories	1,078	(211)
Trade and other receivables	(3,409)	4,461
Trade and other payables	(454)	(773)
Cash (used in) / generated from operations	(2,795)	4,948
Tax paid	(1,256)	(506)
Net cash (used in) / generated from operating activities	(4,051)	4,442
Cash flow from investing activities		
Interest received	252	205
Purchase of property, plant and equipment	(3,470)	(990)
Proceed from disposal of non-current assets	64	-
Net cash used in investing activities	(3,154)	(785)
Cash flow from financing activities		
Dividend paid	-	(1,597)
Finance costs paid	(37)	(245)
Proceeds from issuances of shares	386	35,451
Withdraw / (Placement) on short-term money market fund	1,000	(33,073)
Repayment of lease liabilities	(19)	(714)
Repayment of term loans, net	(2,783)	(1,222)
Net cash used in from financing activities	(1,453)	(1,400)
Net (decrease) / increase in cash and cash equivalents	(8,658)	2,257
Effect of foreign currency translation	(45)	5
Cash and cash equivalents at beginning of the financial period	21,958	19,813
Cash and cash equivalents at end of the financial period	13,255	22,075

NOTE:

- The basis of preparation of the above Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

Notes To the Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2023

A1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Boards (“MASB”) and Rule 9.22 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the FYE 2022 as disclosed in the Annual Report. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the FYE 2022.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Group’s latest audited financial statements, except for the adoption of the following new MFRSs and amendments to MFRSs which became effective as disclosed as follow:

MFRS (Including the Consequential Amendments)		Effective Date
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and amendments have no material impact to the unaudited condensed consolidated financial statements of the Group.

The Group has not applied in advance the following MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the current financial period:

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 7	Financial Instruments: Disclosures - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	1 January 2024
Amendments to MFRS 107	Statement of Cash Flows - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 10	Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of the above MFRSs and amendments to MFRSs are expected to have no material impact on the financial statements of the Group in the period of initial application.

A3. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in accounting estimates during the current financial quarter under review.

A4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report for the preceding FYE 2022 was issued without any qualifications.

A5. SEASONAL OR CYCLICAL FACTORS

The nature of the Group’s business was not subject to any seasonal and cyclical factors during the current financial quarter under review.

A6. ITEMS OR INCIDENCE OF AN UNUSUAL NATURE

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

A7. MATERIAL SUBSEQUENT EVENT

There were no other material events subsequent to the end of the current financial quarter under review that have not been reflected in the interim financial report.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A8. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review except as follows:

Bonus Issue of Warrants

On 9 February 2023, the Company has completed a bonus issue of 266,217,800 warrants (“Warrant A”) on the basis of one (1) warrant for every two (2) existing Yew Lee ordinary shares. The warrants are issued in registered form and constituted by a Deed Poll.

The salient terms of the Warrant A are as follows:

- i. Each warrant shall entitle the registered warrant holders to subscribe for one (1) new Yew Lee ordinary share at any time during the exercise period of five (5) years commencing from and inclusive of the date of issuance of the warrants. Any warrants which are not exercised after the exercise period will thereafter lapse and cease to be valid;
- ii. The exercise price of the warrants is fixed at RM0.28 per warrant; and
- iii. The new ordinary shares to be issued upon the exercise of the Warrants shall rank equally in all respects with the existing Yew Lee ordinary shares.

The additional Warrant A issued and exercised by registered warrant holders to new ordinary shares are as follows:

2023	No. of Warrant A Issued	No. of Warrant A Exercised	Balance Warrant A Outstanding
February	266,217,800	-	266,217,800
March	-	-	266,217,800
April	-	-	266,217,800
May	-	-	266,217,800
June	-	-	266,217,800
July	-	-	266,217,800
August	-	5,000	266,212,800
September	-	1,373,800	264,839,000

As at 30 September 2023, the total number of issued shares of the Company was 533,814,400 ordinary shares.

A9. DIVIDEND PAID

There were no dividends paid during the financial quarter under review.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A10. SEGMENTAL INFORMATION**

The Group is principally engaged and organised into business units based on business by product related activities and has three reportable segments as follows:

- (a) Manufacturing segment – Consist mainly the manufacturing of industrial brushes;
- (b) Trading segment – Consist of trading of industrial hardware and machinery parts; and
- (c) Investment holding – Investment holding operations.

The Group operates predominantly in Malaysia and hence, no geographical segment presented.

Result for current quarter 30.09.2023	Manufacturing segment RM'000	Trading segment RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	3,460	2,223	-	(22)	5,661
Elimination of inter-segment revenue	(15)	(7)	-	22	-
	3,445	2,216	-	-	5,661
Results					
Segment profit / (loss)	290	(292)	43	-	41
Finance costs	-	-	-	-	(1) -
Share of profit of an associate	2	-	-	-	2
Segment profit / (loss) before tax	292	(292)	43	-	43
Tax expenses	(167)	-	-	-	(167)
Segment profit / (loss) after tax	125	(292)	43	-	(124)
Assets and liabilities as at 30.09.2023					
Assets					
Segment assets	42,724	10,904	25,003	-	78,631
Elimination of inter-segment balances	(149)	-	-	-	(149)
	42,575	10,904	25,003	-	78,482
Liabilities					
Segment liabilities	2,200	2,236	182	-	4,618
Elimination of inter-segment balances	-	-	(149)	-	(149)
	2,200	2,236	33	-	4,469

NOTE:

(1) Represents less than RM1,000.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment during the current financial quarter under review.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial quarter under review except as follows:

The Company had on 5 September 2023 received from its consultant in Indonesia the written notification dated 5 September 2023 from the Indonesian Ministry of Law and Human Rights that PT Yew Lee Indonesia (“PT Indonesia”) was officially liquidated on 7 July 2023.

PT Indonesia was incorporated on 9 September 2019 in the Republic of Indonesia with a paid-up capital of IDR2,500,000,000. PT Indonesia was principally involved in wholesale and retail as well as the manufacturing industry including industrial brushes, household broom products and industrial brooms, industrial brushes – wire, and industrial brushes (custom made).

The purpose of the liquidation is to ensure that PT Indonesia’s affairs have been dealt with and all its assets realised. The liquidation of PT Indonesia has no material financial and operational impact on Yew Lee Group for the financial year ending 31 December 2023.

A13. CAPITAL COMMITMENTS

The capital commitments of the Group were as follows: -

	Unaudited As at 30.09.2023 RM’000	Unaudited As at 30.09.2022 RM’000
<u>Approved and contracted for:</u>		
Property, plant and equipment	5,786	-

A14. CONTINGENT ASSETS OR CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no related party transactions during the current financial quarter under review.

A16. FAIR VALUE OF FINANCIAL LIABILITIES

There was no gain or loss arising from fair value changes of the Group’s financial liabilities for the current financial quarter under review.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES**Notes To the Unaudited Condensed Consolidated Interim Financial Report for the Third Quarter Ended 30 September 2023****B1. REVIEW OF PERFORMANCE**

	<u>Individual Quarter</u>		<u>Variance</u>	
	<u>Unaudited Current Quarter 30.09.2023</u>	<u>Unaudited Preceding Year Corresponding Quarter 30.09.2022</u>	<u>RM'000</u>	<u>%</u>
Revenue	5,661	6,104	(443)	(7)
Gross profit	1,477	2,124	(647)	(30)
Profit before tax	43	958	(915)	(96)
(Loss) / Profit after tax	(124)	764	(888)	> (100)

The Group recorded revenue of RM5.7 million in the third quarter ended 30 September 2023 as compared to the preceding year corresponding quarter of RM6.1 million, representing a decrease of 7%. The decrease in revenue is mainly due to lesser sales order received from local and overseas customers.

The Group recorded a gross profit margin of 26% in the third quarter ended 30 September 2023 which shown significant decrease as compared to preceding year corresponding quarter of 35%. The decrease in the margin was mainly due to the unfavourable impact of fixed production cost compounded by the decrease in revenue.

The Group posted loss after tax of RM0.1 million in the current quarter as compared to profit after tax of RM0.8 million in the preceding year corresponding quarter. The loss in current quarter was mainly due to provision of income tax expense in the period under review.

The Group performance for the current period under review in the manufacturing segment have been positively encouraging with profit after tax as disclosed in note A10, whilst the overall profit after tax earnings have been dragged down with the marginal losses incurred in the trading segment.

The Management will endeavour to secure larger and more consistent plus sustainable contracts in the trading segment that can lead to its turnaround strategy.

Nevertheless, the Group's sustainability is positive and it continues to generate gross operating profit from core operation activities. The Group will continue to closely monitor and adapt to the latest business environment by diversifying into other industries.

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**PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES
(CONTINUED)****B2. PERFORMANCE COMPARISON WITH PRECEDING QUARTER'S RESULTS**

	<u>Individual Quarter</u>		<u>Variance</u>	
	<u>Unaudited Current Quarter 30.09.2023 RM'000</u>	<u>Unaudited Preceding Quarter 30.06.2023 RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	5,661	5,093	568	11
Gross profit	1,477	1,073	404	38
Profit / (Loss) before tax	43	(343)	386	>100
Loss after tax	(124)	(382)	258	68

The Group recorded revenue of RM5.7 million in the third quarter ended 30 September 2023 as compared to the preceding quarter of RM5.1 million representing increase of 11%. The increase in revenue is mainly due to slightly more sales order received from local and overseas customers.

The Group recorded a gross profit margin of 26% in the third quarter ended 30 September 2023 as compared to preceding quarter of 21%. Better gross margin in current quarter under review was mainly due to some favourable of higher margin products being sold throughout the period under review.

The Group posted loss after tax of RM0.1 million in the current quarter as compared to the loss of RM0.4 million in the preceding quarter. The loss in current quarter was mainly due to provision of income tax expense in the period under review. As compared to preceding quarter, the loss is mainly due to slightly higher of administrative expenses such as payroll cost for new hired and variety of upkeep expenses.

The Group performance for the current period under review in the manufacturing segment have been positively encouraging with profit after tax as disclosed in note A10, whilst the overall profit after tax earnings have been dragged down with the marginal losses incurred in the trading segment.

The Management will endeavour to secure larger and more consistent plus sustainable contracts in the trading segment that can lead to its turnaround strategy.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES (CONTINUED)

B3. PROSPECTS AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The rubber glove industry has been our major revenue contributor and our financial performance is in tandem with the performance of the rubber glove industry.

The rubber glove industry underwent oversupply from aggressive expansions coupled with excessive stockpiling during the pandemic which have led to market supply-demand imbalances in FYE 2022 and such situation is expected to be continued in 2023. Notwithstanding the current sentiment, the rubber glove industry is expected to recover within the horizon in view of the increasing glove usage from the overall hygiene awareness amongst consumers post pandemic.

In addition, the Group has implemented the following plans not only to secure existing core business in rubber glove industry but also exploring other opportunities, such as:

- a) to expand our range of industrial brushes by developing customisable industrial brushes and continue to strengthen our market position in the industrial brush industry in Malaysia as well as international markets;
- b) to explore and expand more industrial hardware and machinery parts in trading business segment; and
- c) to explore other market or industries such semiconductor, timber, glass and agricultural sector to expand our customer base whilst reducing our dependency on the rubber gloves industry.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5. INCOME TAX EXPENSE

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>Current Year</u>	<u>Preceding Year</u>	<u>Current</u>	<u>Preceding Year</u>
	<u>Quarter</u>	<u>Corresponding</u>	<u>Year-to-date</u>	<u>Year-to-date</u>
	<u>30.09.2023</u>	<u>30.09.2022</u>	<u>30.09.2023</u>	<u>30.09.2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
In respect of current period:				
Income tax expense ⁽¹⁾	168	194	327	802
Deferred tax expense	(1)	-	(1)	-
Effective tax rate (%)	388	20	572	204
Statutory tax rate (%)	24	24	24	24

NOTE:

- (1) Income tax expense is recognised based on management's best estimate.
- (2) The high effective tax rate mainly due to income tax expense was mainly derived from an entity which profit making against lower group profit or loss making in the period under review.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES (CONTINUED)**B6. STATUS OF CORPORATE PROPOSALS**

There were no other corporate proposals announced but not implemented as at the date of this interim financial report.

B7. UTILISATION PROCEEDS FROM INITIAL PUBLIC OFFERING (“IPO”)

As at 30 September 2023, the status of the utilisation of proceeds arising from IPO amounting to approximately RM37.27 million is stated in the following manner:

<u>Utilisation of proceeds</u>	<u>Initial IPO allocation Proceeds RM'000</u>	<u>Revised IPO allocation Proceeds RM'000</u>	<u>Actual utilisation Amount RM'000</u>	<u>Unutilised to the revised IPO Proceeds RM'000</u>	<u>Revised timeframe for utilisation from Listing</u>
Purchase of additional manufacturing machineries and equipment	10,900	1,900	1,536	364	Within 24 months
Construction of new warehouse facility and office building	7,300	7,300	3,014	4,286	Within 24 months
Renovation of new office	1,800	1,800	-	1,800	Within 36 months
Repayment of bank borrowings	8,900	8,891	8,891	-	Within 12 months
Working capital requirements	4,570	4,579	4,579	-	Within 18 months
Estimated listing expenses	3,800	3,800	3,800	-	Within 1 month
Incorporate new subsidiary company in Thailand	-	9,000	1,175	7,825	Within 36 months
	37,270	37,270	22,995	14,275	

The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 17 May 2022 and announcement made on Bursa Securities' website on 18 May 2023.

B8. BANK BORROWINGS

	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
<u>Current</u>		
Lease liabilities	28	26
Term loans	-	98
	<u>28</u>	<u>124</u>
<u>Non-current</u>		
Lease liabilities	19	41
Term loans	-	2,685
	<u>19</u>	<u>2,726</u>

The bank borrowings are secured and denominated in Ringgit Malaysia.

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**PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES
(CONTINUED)****B9. MATERIAL LITIGATION**

There were no material litigation involving the Group in the current financial quarter under review.

B10. DIVIDEND

No dividend has been declared or recommended by the Board for the current financial quarter under review.

B11. (LOSS) / EARNINGS PER SHARE

The basic and diluted LPS / EPS for the current financial quarter and financial year-to-date are computed as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u> Current Year Quarter 30.09.2023 RM'000	<u>Unaudited</u> Preceding Year Corresponding Quarter 30.09.2022 RM'000	<u>Unaudited</u> Current Year-to-date 30.09.2023 RM'000	<u>Unaudited</u> Preceding Year Year-to-date 30.09.2022 RM'000
(Loss) / Profit attributable to the Owners of the Company	(124)	764	(269)	(408)
Number of ordinary shares (in thousand)	532,573	532,436	532,482	532,436
Basic LPS / EPS (Sen) ⁽¹⁾	(0.02)	0.14	(0.05)	(0.08)
Diluted LPS / EPS (Sen) ⁽²⁾	(0.02)	0.14	(0.05)	(0.08)

NOTES:

- (1) Basic LPS / EPS is calculated based on the Company's weighted share capital of 532,572,983 ordinary shares for the financial period ended 30 September 2023. (Financial period ended 30 September 2022: 532,435,600 ordinary shares).
- (2) Diluted LPS / EPS is calculated based on the Company's weighted share capital of 532,481,897 ordinary shares for the financial period ended 30 September 2023. (Financial period ended 30 September 2022: 532,435,600 ordinary shares).

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES (CONTINUED)**B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Profit or loss before tax is arrived after charging/(crediting):

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Unaudited Current Year Quarter 30.09.2023 RM'000	Unaudited Preceding year Corresponding Quarter 30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Year-to-date 30.09.2022 RM'000
Depreciation of property, plant and equipment	375	359	1,126	854
Amortisation of right-of- use assets	6	5	19	217
Interest income	(130)	(93)	(331)	(205)
Unrealised gain on foreign exchange, net	(59)	(10)	(38)	(14)
Interest expense	-	88	37	245
Rental expense	-	3	4	7
Impairment / (Recovery) on trade receivables, net	8	53	(2)	53
Property, plant and equipment written off	-	1	-	1
Fair value gain on short- term investment	(260)	-	(792)	-
(Gain) / Loss on disposal of non-current assets	(26)	5	(39)	5

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 23 November 2023.

BY ORDER OF THE BOARD
YEW LEE PACIFIC GROUP BERHAD