

ADVANCED PACKAGING TECHNOLOGY (M) BHD.

Registration No: 198201003236 (82982-K)

(Incorporated in Malaysia)

Quarterly Report on Results for the Third Quarter Ended 30 September 2021

NOTES

A1 Accounting Policies and Method of Computation

The quarterly financial report is unaudited and has been prepared in accordance with MFRS 134, “Interim Financial Reporting” issued by the Malaysian Accounting Standard Board and part A of Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements and should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

The Company’s financial statements have been prepared under the historical cost convention other than as disclosed in the notes to the quarterly report and in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the Companies Act, 2016 in Malaysia.

The accompanying financial statements have been prepared assuming that the Company will continue as going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The significant accounting policies adopted by the Company in this report are consistent with those used in the Audited Financial Statements of the Company for the financial year ended 31 December 2020.

(a) Standards issued and effective

On 1 January 2021, the Company has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2021.

| Description | Effective for annual periods beginning on or after |
|---|---|
| • Amendments to MFRS 16, <i>Leases</i> : Covid -19-Related Rent Concessions | 1 June 2020 |
| • Amendments to MRFS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> , MFRS7, <i>Financial Instruments: Disclosures</i> , MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases</i> : Interest Rate Benchmark Reform –Phase 2 | 1 January 2021 |
| • Amendments to MFRS 16, <i>Leases</i> : Covid-19-Related Rent Concession beyond 30 June 2021 | 1 April 2021 |

The Directors expect that the adoption of the new and amended MFRS above will have no material impact on the financial statements of the Company.

(b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

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| Description | Effective for annual periods beginning on or after |
|---|---|
| • Amendments to MFRS 3 <i>Business Combinations: Reference to the Conceptual Framework</i> | 1 January 2022 |
| • Amendments to MFRS 116 <i>Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use</i> | 1 January 2022 |
| • Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts-Cost of Fulfilling a Contract</i> | 1 January 2022 |
| • Annual improvements to MFRSs 2018 - 2020 cycle | |
| – Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i> | 1 January 2022 |
| – Amendments to MFRS 9 <i>Financial Instruments</i> | 1 January 2022 |
| – Amendments to MFRS 16 <i>Leases</i> | 1 January 2022 |
| – Amendments to MFRS 141 <i>Agriculture</i> | 1 January 2022 |
| • MFRS 17, <i>Insurance Contracts</i> | 1 January 2023 |
| • Amendments to MFRS 17, <i>Insurance Contracts</i> | 1 January 2023 |
| • Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| • Amendments to MFRS 101, <i>Presentation of Financial Statements : Disclosure of Accounting Policies</i> | 1 January 2023 |
| • Amendments to MFRS 108, <i>Accounting Policies, changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i> | 1 January 2023 |
| • Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures: Sales or Contribution of Assets between an investor and its Associate or Joint Venture</i> | Deferred |

The initial application of the above-mentioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statement of the Company.

A2 Audit Report

The auditors' report of the Company's preceding annual financial statements was not qualified.

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A3 Seasonal or Cyclical Factors

The business operations of the Company during the financial quarter under review were not materially affected by any seasonal or cyclical factors.

A4 Exceptional/Extraordinary Items

There were no exceptional/extraordinary items for the financial period under review.

A5 Changes in Estimates

There was no material change in estimates of amounts reported in the prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A6 Debts and Equity Securities

During the current quarter under review, the Company did not purchase any shares under the share buyback scheme. Shares purchased as at 30 September 2021 totaling 1,392,016 ordinary shares were held as treasury shares in accordance with Section 127 of The Companies Act 2016 and stated at cost.

A7 Dividend Paid

There was no dividend paid during the quarter ended 30 September 2021.

A8 Segment Information

There was no segmental reporting as the Company is currently involved primarily in a single line product.

A9 Revaluation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the quarter.

A10 Material Events Subsequent to the end of the Reporting Period

There was no material event subsequent to the end of the reporting period.

A11 Changes in the Composition of the Company

On 26 August 2021, the Company entered into arrangement with an independent third party in relation to the proposed acquisition of property via a subsidiary, Sino Peak Sdn Bhd (“Sino Peak”). Under the joint venture arrangement, the Company holds seventy (70) ordinary shares at RM200 each representing 70% equity interest in Sino Peak and the remaining thirty (30) ordinary shares at RM200 each representing 30% interest in Sino Peak is held by an individual shareholder.

A12 Contingent Liabilities

Bank guarantee given by financial institution to third party amounting to RM 223,800.

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Quarterly Report on Results for the Third Quarter Ended 30 September 2021**NOTES****A13 Capital Commitments⁰**

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 30 September 2021 are as follows:

| | |
|-----------------------------|---------------|
| | <u>RM'000</u> |
| Approved and contracted for | <u>3,400</u> |

A14 Fair Value of Financial Instruments

In respect of the financial instrument classified under current assets and current liabilities, the carrying amount approximate fair value due to the relatively short-term nature of these financial instruments.

The aggregate fair value and the carrying amounts of the financial assets and financial liabilities carried on the reporting date are as below:

| | As at 30 September 2021 | | As at 31 December 2020 | |
|--|-------------------------|------------|------------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Financial asset</u> <u>measured through other</u> <u>comprehensive income</u> | | | | |
| Other investment | 5,000 | 5,000 | 5,000 | 5,000 |
| <u>Financial liability</u> <u>measured at amortised</u> <u>cost</u> | | | | |
| Lease liability | 53 | 53 | 53 | 53 |

The fair value of other investment is equivalent to its carrying value.

A15 Disclosure of Derivatives

The Company does not have any outstanding derivatives as at the end of the reporting quarter.

A16 Gain/(Loss) Arising from Fair Value Changes of Financial Liabilities

There is no gain/(loss) arising from fair value changes of financial liabilities for the quarter ended September 2021.

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Quarterly Report on Results for the Third Quarter Ended 30 September 2021**NOTES****B1 Review of Performance**

The Company reported turnover of approximately RM 5.53 million for the quarter ended 30 September 2021, in comparison to the turnover of RM 5.87 million for the preceding quarter and RM 5.63 million for the preceding year's corresponding quarter. The lower turnover for the quarter under review was mainly due to the Covid-19 pandemic and countermeasures during the quarter under review which had a negative impact on the customers of the Company and the operational capacity of the Company. The Company reported a year-to-date turnover of approximately RM 17.42 million that was relatively consistent with the turnover for the preceding year-to-date of RM 17.37 million.

The Company reported a loss after tax of approximately RM 0.35 million for the quarter under review, in comparison to the profit after tax of RM 0.01 million for the previous quarter and RM 0.33 million for the preceding year's corresponding quarter. The Company reported a year-to-date loss after tax of approximately RM 0.17 million in comparison to RM 0.49 million profit after tax for the preceding year-to-date. The loss after tax was primarily attributable to the rising raw material costs, shipping fees, lower capacity/productivity of operations associated with the Covid-19 pandemic and countermeasures, and the additional expenses incurred in relation to the pandemic.

Below are the key financial information presented in a tabular format:

Table 1: Financial Review for current quarter compared with the preceding quarter:

| | Quarter Ended | | Changes in | |
|---|---|---------------------------------------|------------|-----------|
| | 30 September 2021 RM'000 (Unaudited) | 30 June 2021 RM'000 (Unaudited) | RM'000 | % |
| Revenue | 5,525 | 5,869 | (344) | (5.86) |
| Operating loss | (381) | (19) | (362) | (1905.26) |
| (Loss)/Profit before interest and tax | (343) | 23 | (366) | (1591.30) |
| (Loss)/Profit before tax | (343) | 23 | (366) | (1591.30) |
| (Loss)/Profit after tax | (353) | 13 | (366) | (2815.38) |
| (Loss)/Profit attributable to Equity Holders | (353) | 13 | (366) | (2815.38) |

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Table 2: The current quarter compared with the preceding year's corresponding quarter:

| | Quarter Ended | | Changes in | |
|---|---|---|------------|--------|
| | 30 September 2021 RM'000 (Unaudited) | 30 September 2020 RM'000 (Unaudited) | RM'000 | % |
| Revenue | 5,525 | 5,633 | (108) | 1.92 |
| Operating (loss)/profit | (381) | 269 | (650) | 241.64 |
| (Loss)/Profit before interest and tax | (343) | 331 | (674) | 203.63 |
| (Loss)/Profit before tax | (343) | 331 | (674) | 203.63 |
| (Loss)/Profit after tax | (353) | 325 | (678) | 208.62 |
| (Loss)/Profit attributable to Equity Holders | (353) | 325 | (678) | 208.62 |

Table 3: The financial year-to-date compared with the preceding year's financial year-to-date:

| | Year-to-date | | Changes in | |
|---|---|---|------------|----------|
| | 30 September 2021 RM'000 (Unaudited) | 30 September 2020 RM'000 (Unaudited) | RM'000 | % |
| Revenue | 17,417 | 17,366 | 51 | 0.29 |
| Operating profit | (250) | 407 | (657) | (161.43) |
| (Loss)/Profit before interest and tax | (129) | 634 | (763) | (120.35) |
| (Loss)/Profit before tax | (129) | 634 | (763) | (120.35) |
| (Loss)/Profit after tax | (170) | 488 | (658) | (134.84) |
| (Loss)/Profit attributable to Equity Holders | (170) | 488 | (658) | (134.84) |

B2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

There was a material change in the Company's net profit before taxation and net profit after tax for the quarter ended 30 September 2021 when compared to that of the preceding year. The details of and reasons for the changes are disclosed under B1 and B5 of the Notes.

B3 Prospects for the Current Financial Year

The impact of COVID-19 and the pandemic-related lockdowns may have a negative impact on the general economy and populace in Malaysia and in other countries. The increase in raw material cost and shipping costs, rising crude oil price, uncertainties in the global economy, market sentiment and competition are the key challenges in the current financial year and may have an impact on the sales turnover and profitability of the Company.

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Quarterly Report on Results for the Third Quarter Ended 30 September 2021**NOTES****B4 Variance of Actual Profit from Forecast Profit**

This is not applicable.

B5 Taxation

Details of taxation are as follows: -

| | Current Year Quarter 30 September 2021 RM'000 | Current Year To Date 30 September 2021 RM'000 |
|------------------------|---|---|
| Current taxation | 10 | 29 |
| Under provision of tax | 0 | 0 |
| Deferred taxation | 0 | 12 |
| | <hr/> | <hr/> |
| | 10 | 41 |

The effective tax rate is higher than the statutory tax rate for the quarter ended 30 September 2021 mainly due to interest income earned during the quarter.

B6 Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There were no disposal of unquoted investments and /or properties for the financial quarter under review.

B7 Purchases or Disposals of Quoted Securities

There were no purchases and/or disposals of quoted securities for the financial period under review.

B8 Status of Corporate Proposals

As of 18 November 2021 (being a date not earlier than seven days from the date of these financial statements), there were no corporate proposals announced but not completed as at end of the reporting period, save and except for the proposed acquisition of property by the Company's subsidiary, as announced on 6 October 2021, which is currently in midst of completion.

B9 Borrowings and Debt Securities

There was no borrowing and debt security at the end of this quarter.

B10 Off Balance Sheet Financial Instruments

The Company does not have any financial instruments with off balance sheet risk as at the date of issue of this quarterly report.

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Quarterly Report on Results for the Third Quarter Ended 30 September 2021**NOTES****B11 Material Litigation**

There was no material litigation since the last annual audited financial statements up to the date of this report.

B12 Dividend

No dividend was declared during the period under review.

B13 Earnings per Share

The basic loss per share is calculated by dividing the Company's profit after tax attributable to ordinary shareholders for the current quarter and cumulative quarter to 30 September 2021 by the weighted average number of shares in issue of the Company at the end of the quarter.

| | Quarter ended 30 September 2021 <i>(Unaudited)</i> | Year-to-date 30 September 2021 <i>(Unaudited)</i> |
|---|--|---|
| Loss for the period (RM'000) | (353) | (170) |
| Weighted average number of ordinary shares in issue ('000) | 19,112 | 19,112 |
| Basic loss per share (sen) | (1.85) | (0.89) |

B14 Other Income/Expenses

Other income mainly comprises of sales of scrapped materials, sales of fixed assets, cylinders, and investment income. The decrease in other income by approximately 11.17% in comparison to the previous year-to-date was primarily due to the lower miscellaneous income, interest income and investment income earned.

Other expenses mainly comprise of administrative, selling and distribution expenses and other overheads incurred during period. The other expenses dropped by approximately 0.78% when compared to the previous year-to-date.

B15 Foreign Exchange Exposure/Hedging Policy

The company carries out foreign exchange hedging as and when required. The Company is a single entity and does not have any overseas operation.

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B16 Trade receivables

The Company's normal credit term ranges from 30 days to 90 days. Other credit terms are assessed and approved on a case-to-case basis. A significant portion of the trade receivables are regular customers that have been transacting with the Company. None of the trade receivable is considered related parties to the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables and a significant amount of the trade receivable that were past due and over 90 days have been collected as at the reporting date.

Ageing analysis of trade receivable:

| | Amount not due/due but less than 90 days RM'000 | Amount due and over 90 days RM'000 |
|------------------|---|---------------------------------------|
| Trade receivable | 4,572 | 295 |

B17 Material Impairment of assets

There was no material impairment of assets during the quarter except for the normal depreciation on straight line method and impairment of inventory.

By Order of the Board
Leong Shiak Wan
Company Secretary
Dated: 25th November 2021