

ADVANCED PACKAGING TECHNOLOGY (M) BHD.

Registration No: 198201003236 (82982-K)

(Incorporated in Malaysia)

Quarterly Report on Results for the Fourth Quarter Ended 31 December 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 Group'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 Group 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 Group 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
<ul style="list-style-type: none">• Amendments to MFRS 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: Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
<ul style="list-style-type: none">• Amendments to MFRS 16, <i>Leases: Covid-19-Related Rent Concession beyond 30 June 2021</i>	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 Group.

(b) Standards issued but not yet effective

The Group 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
<ul style="list-style-type: none"> • Amendments to MFRS 3 <i>Business Combinations</i>: Reference to the Conceptual Framework 	1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 116 <i>Property, Plant and Equipment</i>: Property, Plant and Equipment – Proceeds before Intended Use 	1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>: Onerous Contracts- Cost of Fulfilling a Contract 	1 January 2022
<ul style="list-style-type: none"> • Annual improvements to MFRSs 2018 - 2020 cycle <ul style="list-style-type: none"> – Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i> – Amendments to MFRS 9 <i>Financial Instruments</i> – Amendments to MFRS 16 <i>Leases</i> – Amendments to MFRS 141 <i>Agriculture</i> 	1 January 2022 1 January 2022 1 January 2022 1 January 2022
<ul style="list-style-type: none"> • MFRS 17, <i>Insurance Contracts</i> 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 17, <i>Insurance Contracts</i> 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 101 <i>Presentation of Financial Statements</i>: Classification of Liabilities as Current or Non-current 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 101, <i>Presentation of Financial Statements</i>: Disclosure of Accounting Policies 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 108, <i>Accounting Policies, changes in Accounting Estimates and Errors</i>: Definition of Accounting Estimates 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 112, <i>Income Taxes</i>: Deferred Tax related to Assets and Liabilities arising from a Single Transaction 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures</i>: Sale or Contribution of Assets between an investor and its Associate or Joint Venture 	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 Group.

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 Group 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 Group did not purchase any shares under the share buyback scheme. Shares purchased as at 31 December 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 31 December 2021.

A8 Segment Information

There was no segmental reporting as the Group 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 a joint venture arrangement with an independent third-party in relation to the acquisition of properties under a subsidiary of the Company, Sino Peak Sdn Bhd ("Sino Peak"), and Sino Peak became a 70% owned subsidiary of the Company.

A12 Contingent Liabilities

No contingent liabilities have been recorded as at the end of the reporting period.

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A13 Capital Commitments

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 31 December 2021 are as follows:

	<u>RM'000</u>
Approved and contracted for	<u>7,294</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 31 December 2021		As at 31 December 2020	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<u>Financial asset measured through other comprehensive income</u>				
Other investment	4,016	4,016	5,000	5,000
<u>Financial liability measured at amortised cost</u>				
Lease liabilities	27	27	53	53

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

A15 Disclosure of Derivatives

The Group 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 31 December 2021.

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Quarterly Report on Results for the Fourth Quarter Ended 31 December 2021**NOTES****B1 Review of Performance**

The Group reported a turnover of approximately RM6.74 million for the quarter ended 31 December 2021, in comparison to the turnover of RM5.53 million for the preceding quarter and RM6.14 million for the preceding year's corresponding quarter. The higher turnover for the quarter under review was mainly due to the improvement in the COVID-19 pandemic, whereby customers have resumed operations, which in turn positively impacted the Group and its operational capacity. The Group reported a year-to-date turnover of approximately RM24.16 million which has improved compared to the turnover for the preceding year-to-date of RM23.50 million.

The Group reported a loss after tax of approximately RM1.41 million for the quarter under review, in comparison to the loss after tax of RM0.35 million for the previous quarter and a profit of RM0.14 million for the preceding year's corresponding quarter. The Group reported a year-to-date loss after tax of approximately RM1.1 million in comparison to RM0.62 million profit after tax for the preceding year-to-date. The loss after tax was primarily attributable to the significant increase in raw material costs, shipping/transportation fees, lower capacity/productivity of operations due to the COVID-19 pandemic and countermeasures, along with the additional expenses incurred in relation to the pandemic (ie: sanitization costs, self-test kits, staff welfare etc.).

Below is the key financial information of the Group presented in a tabular format:

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

	Quarter Ended		Changes in RM'000	%
	31 December 2021 RM'000 (Unaudited)	30 September 2021 RM'000 (Unaudited)		
Revenue	6,744	5,525	1,219	22
Operating loss	(1,342)	(381)	(961)	>100
Loss before tax	(1,318)	(343)	(975)	>100
Loss after tax	(929)	(353)	(576)	>100
Loss attributable to equity holders	(929)	(353)	(576)	>100

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B1 Review of Performance (contd.)

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

	Quarter Ended		Changes in RM'000	%
	31 December 2021 RM'000 (Unaudited)	31 December 2020 RM'000 (Audited)		
Revenue	6,744	6,139	606	10
Operating (loss)/profit	(1,342)	104	(1,446)	(>100)
(Loss)/profit before tax	(1,318)	156	(1,473)	(>100)
(Loss)/profit after tax	(929)	137	(1,066)	(>100)
(Loss)/profit attributable to equity holders	(929)	137	(1,066)	(>100)

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

	Year-to-date		Changes in RM'000	%
	31 December 2021 RM'000 (Unaudited)	31 December 2020 RM'000 (Audited)		
Revenue	24,161	23,505	657	3
Operating (loss)/profit	(1,592)	511	(2,102)	(>100)
(Loss)/profit before tax	(1,446)	789	(2,235)	(>100)
(Loss)/profit after tax	(1,099)	617	(1,716)	(>100)
(Loss)/profit attributable to equity holders	(1,099)	617	(1,716)	(>100)

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

There was a material change in the Group's net profit before tax and net profit after tax for the quarter ended 31 December 2021 when compared to that of the preceding year. The details of and reasons for the changes are disclosed under B1 to the Notes.

B3 Prospects for the Current Financial Year

The impact of COVID-19 and the pandemic-related lockdowns has had 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 remain as the key challenges in the current financial year. Nevertheless, the management remains positive and has a strong vision to expand the Group beyond its existing levels. A steady increase in sales orders from existing and new customers is anticipated, which in turn will improve the sales turnover and profitability of the Group.

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B4 Variance of Actual Profit from Forecast Profit

This is not applicable.

B5 Taxation

Details of taxation are as follows: -

	Current Year Quarter 31 December 2021 RM'000	Current Year To Date 31 December 2021 RM'000
Current taxation	29	13
Deferred taxation	(360)	(360)
	389	347

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

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

B7 Purchases or Disposals of Quoted Securities

The Group purchased foreign quoted securities amounting to RM739,887 (at date of purchase) through a private investment account for the financial period under review.

B8 Status of Corporate Proposals

As of 17 February 2022 (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 properties by the Company's subsidiary, as announced on 6 October 2021 and 31 January 2022.

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 Group 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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There has been 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 Group's profit after tax attributable to ordinary shareholders for the current quarter and cumulative quarter to 31 December 2021 by the weighted average number of shares in issue of the Group at the end of the quarter.

	Quarter ended 31 December 2021 (Unaudited)	Year-to-date 31 December 2021 (Unaudited)
Loss for the period (RM'000)	(929)	(1,099)
Weighted average number of ordinary shares in issue ('000)	19,112	19,112
Basic loss per share (sen)	(4.86)	(5.75)

B14 Other Income/Expenses

Other income mainly comprises of investment income, sales of scrapped materials and sales of cylinders. The decrease in other income by approximately 28% in comparison to the previous year-to-date was primarily due to the lower miscellaneous income, interest and investment income earned, as well as a lower reversal of impairment loss on trade receivables.

Other expenses mainly comprise of administrative, selling and distribution expenses and other overheads incurred during period. An increase in about 4% is seen as compared to the previous year-to-date mainly due to additional costs to ensure the safety and welfare of the staff during the COVID-19 pandemic. This includes frequent sanitization costs, self-test kits, as well as other safety measures.

B15 Foreign Exchange Exposure/Hedging Policy

The Group carries out foreign exchange hedging as and when required. The Group primarily operates locally and has limited overseas operations.

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B16 Trade receivables

The Group'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 Group. None of the trade receivables are considered related parties to the Group. The Group 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 receivables:

	Amount not due/due but less than 90 days RM	Amount due and over 90 days RM
Trade receivables	4,953,941	257,313

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: 24th February 2022