

Quarterly Report on Results for the Fourth Quarter Ended 31 December 2022

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 2021.

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 Group for the financial year ended 31 December 2021.

(a) Standards issued and effective

On 1 January 2022, the Group has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2022.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 3 <i>Business Combinations</i> : Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• Annual improvements to MFRSs 2018 – 2020 cycle	
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9 Financial Instruments	1 January 2022
- Amendments to MFRS 16 Leases	1 January 2022
- Amendments to MFRS 141 Agriculture	1 January 2022

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.

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A1 Accounting Policies and Method of Computation (contd.)

(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:-

Description	Effective for annual periods beginning on or after
• MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17, <i>Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information</i>	1 January 2023
• Amendments to MFRS 112, <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
• Amendments to MFRS 16, <i>Leases: Lease Liability in a Sale and Leaseback</i>	1 January 2024
• Amendments to MFRS 101, <i>Non-current Liabilities with Covenants</i>	1 January 2024
• Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investment in Associates and Joint Ventures: Sale 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 impact to the financial statement of the Group.

A2 Audit Report

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

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.

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A6 Debts and Equity Securities

During the current quarter under review, the Group sold 444,000 treasury shares (post-share split) for a consideration of RM293,672.

A7 Dividend Paid

There was no dividend paid during the quarter ended 31 December 2022.

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 Group

On 28 December 2022, the Company has dissolved the joint venture ("JV") arrangement with Tan You Hum via the subsidiary of the Company, Sino Peak Sdn Bhd ("SPSB") and agreed to acquire the remaining thirty (30) ordinary shares of SPSB, representing the 30% equity interest of SPSB, at its original cost of RM200.00 per share.

The dissolution of the JV and consolidation of the ownership of SPSB will not have any effect on the issued share capital or the shareholding structure of the Company and is not expected to have any material effect on the financial performance of the Company.

A12 Contingent Liabilities

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

A13 Capital Commitments

The Group does not have capital commitments for property, plant and equipment and other assets not provided for in the financial statements as at 31 December 2022.

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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:

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 2022		As at 31 December 2021	
	Carrying value RM '000	Fair value RM '000	Carrying value RM '000	Fair value RM '000
<u>Financial asset measured through other comprehensive income</u>				
Other investments	707	707	4,016	4,016
<u>Financial liability measured at amortised cost</u>				
Lease liabilities	-	-	26	26

The fair value of other investments 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 2022.

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B1 Review of Performance

The Group reported a higher turnover of approximately RM29 million for the year ended 31 December 2022, which translates to a 20% increase on the turnover of RM24 million for the comparative year. The Group however, reported a lower turnover of approximately RM5.8 million for the quarter ended 31 December 2022 in comparison to the turnover of RM8.4 million for the preceding quarter and RM6.7 million for the preceding year's corresponding quarter, mainly due to the lower volume in sales during the last quarter of the year. The Group continues to strive and be active in its business development efforts to further grow and expand the turnover and customer base of the Group.

The Group reported a loss after tax of approximately RM0.809 million for the quarter under review, in comparison to losses after tax for the previous quarter and the preceding year's corresponding quarter of RM0.729 million and RM0.929 million, respectively. The loss after tax was largely driven by the increase in raw material costs and shipping/transportation fees, one-off costs incurred in relation to the corporate exercises, employee-related costs which comprises of salary adjustments and welfare, as well as increases in charge rates for utilities (namely electricity and gas).

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

Table 1: *The current quarter compared to the preceding quarter:*

	Quarter ended		Changes in	
	31 Dec 2022 RM '000 (Unaudited)	30 Sept 2022 RM '000 (Unaudited)	RM '000	%
Revenue	5,799	8,378	(2,579)	(31)
Operating loss	(351)	(348)	(2)	1
Loss before tax	(765)	(729)	(36)	5
Net loss for the period	(809)	(729)	(80)	11
Net loss attributable to owners of the parent	(817)	(736)	(81)	11

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

	Quarter ended		Changes in	
	31 Dec 2022 RM '000 (Unaudited)	31 Dec 2021 RM '000 (Audited)	RM '000	%
Revenue	5,799	6,744	(945)	(14)
Operating loss	(351)	(891)	540	(61)
Loss before tax	(765)	(1,318)	553	(42)
Net loss for the period	(809)	(929)	120	(13)
Net loss attributable to owners of the parent	(817)	(929)	112	(12)

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

	Year-to-date		Changes in	
	31 Dec 2022 RM '000 (Unaudited)	31 Dec 2021 RM '000 (Audited)	RM '000	%
Revenue	29,019	24,161	4,858	20
Operating (loss)/profit	(113)	97	(210)	(>100)
Loss before tax	(1,664)	(1,446)	(218)	15
Net loss for the period	(1,708)	(1,099)	(609)	55
Net loss attributable to owners of the parent	(1,739)	(1,076)	(663)	62

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

Kindly refer to the information disclosed within Note B1 of this report.

B3 Prospects for the Current Financial Year

The on-going geopolitical conflicts between the United States of America ("USA") and China, the on-going military conflict in Ukraine, and the impact of the on-going COVID-19 pandemic have had a disruptive effect on the growth and stability of the global economy (and resulting impact on supply chains). Such disruption has continued to have a material impact on the prices of raw materials and shipping, which have been increasing year-on-year. Therefore, should such disruption prevail throughout the financial year, these factors are expected to have a negative impact on the performance of the Company.

The Company has achieved relatively consistent growth despite such challenges and management has not deviated from the continuous improvements of its production facilities and machinery over the past financial year and period.

Therefore, management remains bullish on the growth aspects of the Company and are cautiously optimistic with respect to the performance of the Company for the current financial year.

B4 Variance of Actual Profit from Forecast Profit

This is not applicable.

B5 Taxation

As the Company recorded a net loss for the cumulative quarter, no tax effects have been recorded accordingly.

The subsidiary of the Company, Sino Peak Sdn Bhd recorded a tax expense of RM43,642 for the year.

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 and local quoted securities amounting to a net of RM0.842 million through a private investment account for the financial period under review.

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B8 Status of Corporate Proposals

As of 16 February 2023 (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 Share Split which has been completed following the listing and quotation of 82,017,000 Subdivided Shares (including 2,480,064 APT Shares held as treasury shares) on the Main Market of Bursa Securities on 7 November 2022 and the approved Restructuring (Transfer of Listing Status) is expected to be executed and completed by the second quarter of the current financial year 2023.

B9 Borrowings and Debt Securities

The Group's borrowings as at 31 December 2022 is as below:

	Quarter ended 31 Dec 2022 RM '000 (Unaudited)	Quarter ended 31 Dec 2021 RM '000 (Audited)
Non-current Loan payable	12,925	-
Current Loan payable	522	-

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.

B11 Material Litigation

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 Loss per Share

The basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) after tax attributable to ordinary shareholders for the current quarter and cumulative quarter to 31 December 2022 by the weighted average number of shares in issue of the Group at the end of the quarter.

	Quarter ended 31 Dec 2022 (Unaudited)	Year-to-date 31 Dec 2022 (Unaudited)
Loss for the period ('000)	(809)	(1,708)
Weighted average number of ordinary shares in issue ('000)	79,981	79,981
Basic loss per share (sen)	(1.01)	(2.14)

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B14 Other Income/Expenses

Other income mainly comprises of investment income, sales of scrap materials and sales of cylinders. The increase in other income by approximately RM0.01 million in comparison to the previous quarter was primarily due to higher investment income earned.

Other expenses mainly comprise of administrative, selling and distribution expenses and other factory overheads incurred during the period. A decrease is seen as compared to the previous quarter mainly due to costs incurred for new accommodation for foreign workers as well as additional costs incurred to perform upkeep and maintenance of machinery and equipment in the previous quarter.

B15 Foreign Exchange Exposure/Hedging Policy

The Group carries out foreign exchange hedging as and when required.

B16 Trade receivables

The Group's normal credit term ranges from thirty (30) days to ninety (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 receivables that were past due and over ninety (90) days have been collected as at the reporting date.

Ageing analysis of trade receivables:

	Amount not due/due but less than ninety (90) days RM '000	Amount due and over ninety (90) days RM '000
Trade receivables	5,061	1,436

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: 16<sup>th</sup> February 2023