



HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

Year 2020

Quarterly Announcement

For the Fourth Quarter Ended 31 December 2020

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 31.12.2020 RM'000	Unaudited Preceding year quarter 31.12.2019 RM'000	Unaudited Current year- to-date 31.12.2020 RM'000	Audited Preceding year- to-date 31.12.2019 RM'000
Revenue	A9	93,528	29,727	240,786	144,432
Cost of sales		(56,147)	(26,873)	(168,094)	(130,763)
Gross profit		37,381	2,854	72,692	13,669
Other operating income		-	347	2,704	1,213
Selling and distribution expenses		(4,375)	(582)	(10,291)	(1,840)
Administrative and other expenses		(7,797)	(5,344)	(19,107)	(9,402)
Finance costs		-	(13)	(34)	(96)
Profit/(Loss) before taxation		25,209	(2,738)	45,964	3,544
Income tax (expense)/credit	B4	(10,719)	403	(15,766)	468
Profit/(Loss) after taxation		14,490	(2,335)	30,198	4,012
Other comprehensive income		-	-	-	-
Total comprehensive income/(expenses) for the financial period		14,490	(2,335)	30,198	4,012
Profit/(Loss) after taxation attributable to:					
- Owners of the Company		6,098	(2,196)	15,916	4,836
- Non-controlling interests		8,392	(139)	14,282	(824)
		14,490	(2,335)	30,198	4,012
Total comprehensive income/(expenses) attributable to:					
- Owners of the Company		6,098	(2,196)	15,916	4,836
- Non-controlling interests		8,392	(139)	14,282	(824)
		14,490	(2,335)	30,198	4,012
Earnings/(Loss) per share (sen):					
- Basic	B12	1.12	(0.43)	2.92	0.94
- Diluted ⁽²⁾	B12	0.97	(0.43)	2.55	0.94

Notes:-

- (1) The basis of preparation of the 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 audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Diluted (loss)/earnings per share of the Company for the individual quarter 31 December 2019 and cumulative quarter 31 December 2019 is equivalent to the basic earnings per share as the potential conversion of warrants and employee share options had an anti-dilutive effect on the basic earnings per share and the Company has no other dilutive potential ordinary shares in issue at the end of the reporting period.

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020⁽¹⁾

	Note	Unaudited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		27,099	12,219
Right-of-use assets		16,970	17,305
Goodwill		2,785	2,785
		<u>46,854</u>	<u>32,309</u>
CURRENT ASSETS			
Inventories		27,521	20,786
Trade receivables	B5	17,529	21,653
Other receivables, deposits and prepayments		25,932	12,600
Contract assets		4,500	1,764
Amount owing by related parties		1,230	8,922
Fixed deposit with a licensed bank		6,220	-
Short-term investments		69,216	9,299
Current tax assets		-	298
Cash and bank balances		41,796	12,165
		<u>193,944</u>	<u>87,487</u>
TOTAL ASSETS		<u>240,798</u>	<u>119,796</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		98,318	73,465
Merger deficit		(22,033)	(22,033)
Employee share option reserve		7,730	83
Retained profits		17,145	1,221
		<u>101,160</u>	<u>52,736</u>
Equity attributable to owners of the Company		101,160	52,736
Non-controlling interests		35,879	21,597
		<u>137,039</u>	<u>74,333</u>
NON-CURRENT LIABILITIES			
Long-term borrowing	B9	696	1,583
Deferred tax liabilities		3,995	1,949
		<u>4,691</u>	<u>3,532</u>
CURRENT LIABILITIES			
Trade payables		22,467	16,456
Other payables and accruals		47,930	12,939
Contract liabilities		22,950	11,782
Amount owing to a related party		391	324
Short-term borrowing	B9	117	430
Current tax liabilities		5,213	-
		<u>99,068</u>	<u>41,931</u>
TOTAL LIABILITIES		<u>103,759</u>	<u>45,463</u>
TOTAL EQUITY AND LIABILITIES		<u>240,798</u>	<u>119,796</u>
Net assets per share (RM)		<u>0.16</u>	<u>0.10</u>

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾

	← Non-Distributable →			Distributable			Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Employee Share Option Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	
Balance at 1 January 2020	73,465	(22,033)	83	1,221	52,736	21,597	74,333
Profit after taxation/Total comprehensive income for the financial period	-	-	-	15,916	15,916	14,282	30,198
Contributions by and distribution to owners of the Company:							
Issuance of ordinary shares pursuant to:							
- ESOS exercised	4,766	-	(2,100)	-	2,666	-	2,666
- Warrants	20,087	-	-	-	20,087	-	20,087
ESOS options lapsed	-	-	(8)	8	-	-	-
Total transactions with owners	24,853	-	(2,108)	8	22,753	-	22,753
Equity-settled share-based payment	-	-	9,755	-	9,755	-	9,755
Balance at 31 December 2020	98,318	(22,033)	7,730	17,145	101,160	35,879	137,039

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020 ⁽¹⁾ (CONT'D)

	← Non-Distributable →			Distributable			
	Share Capital	Merger Deficit	Employee Share Option Reserve	(Accumulated Losses)/ Retained Profits	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2019	73,465	(22,033)	83	(3,615)	47,900	22,421	70,321
Profit/(Loss) after taxation/Total comprehensive Income/(expenses) for the financial period	-	-	-	4,836	4,836	(824)	4,012
Balance at 31 December 2019	73,465	(22,033)	83	1,221	52,736	21,597	74,333

Note:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾

	Unaudited Current year-to-date 31.12.2020 RM'000	Audited Preceding year-to-date 31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,964	3,544
Adjustments for: -		
Allowance for impairment loss on trade receivables	1,798	2,162
Depreciation of property, plant and equipment	4,791	4,406
Depreciation of right-of-use assets	335	335
Equity-settled share-based payment	9,755	-
Interest expense	34	96
Unrealised loss/(gain) on foreign exchange	29	(10)
Fair value gain on short-term investment	(6)	(3)
Gain on disposal of plant and equipment	(140)	(102)
Reversal of impairment loss on trade receivable	(2,282)	-
Dividend income	(693)	(297)
Interest income	(3)	(9)
	<hr/>	<hr/>
Operating profit before working capital changes	59,582	10,122
(Increase)/Decrease in inventories	(6,735)	2,927
Increase in contract liabilities	8,433	10,062
(Increase)/decrease in trade and other receivables	(8,614)	3,227
Increase/(Decrease) in trade and other payables	40,992	(11,379)
Decrease/(Increase) in amount owing by related parties	7,991	(7,091)
	<hr/>	<hr/>
CASH FROM OPERATIONS	101,649	7,868
Income tax paid	(8,208)	(578)
Income tax refunded	-	1,033
Interest received	3	9
Interest paid	(34)	(96)
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	93,410	8,236
	<hr/>	<hr/>
CASH FLOWS FOR INVESTING ACTIVITIES		
Dividend received	699	299
Purchase of property, plant and equipment	(19,675)	(1,342)
Purchase of right-of-use assets	-	(100)
Proceed from disposal of plant and equipment	143	103
	<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES	(18,833)	(1,040)
	<hr/>	<hr/>

The rest of this page is intentionally left blank

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020 ⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 31.12.2020 RM'000	Audited Preceding year-to-date 31.12.2019 RM'000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from conversion of warrants	20,087	-
Proceeds from exercise of ESOS	2,667	-
Repayment of term loans	(888)	(402)
Repayment of hire purchase obligations	(312)	-
Repayment of bankers' acceptances	-	(1,849)
Repayment of lease liability	-	(63)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	21,554	(2,314)
NET INCREASE IN CASH AND CASH EQUIVALENTS	96,131	4,882
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(363)	63
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	21,464	16,519
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	117,232	21,464
Cash and cash equivalents comprise the following:		
- Fixed deposit with a licensed bank	6,220	-
- Short-term investments	69,216	9,299
- Cash and bank balances	41,796	12,165
	117,232	21,464

Notes:-

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of HLT Global Berhad (“**HLT Global**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”), paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in accounting policies

During the financial year ended 31 December 2020, the Group has adopted the following new accounting standards and/ or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/ or interpretations (including the consequential amendments, if any) did not have any material impact on this interim financial report.

The Group has not applied in advance the following accounting standards and/ or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for this interim financial report:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022

A3. Auditors’ Report of preceding annual financial statements

The preceding year’s audited financial statements of the Group were not subject to any qualification.

A4. Seasonal or cyclical factors

The Group’s operations were not significantly affected by any seasonal or cyclical factor during the current financial quarter under review.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There was no material unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

A6. Material changes in estimates

There was no material change in estimates in the current financial quarter under review.

A7. Debt and equity securities

During the financial year ended 31 December 2020, the Company has issued new ordinary shares as follows:-

	Issue Price	No. of Shares
Exercise of ESOS options	RM0.30	570,000
Exercise of ESOS options	RM0.70	3,565,000
Conversion of Warrants	RM0.20	100,433,950

As at 31 December 2020, the total number of outstanding warrants was 98,658,048.

Other than as disclosed above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividends paid

There was no dividend paid during the current financial quarter under review.

A9. Segmental information

(a) Business Segments

The Group is originated into three (3) main reportable segments as follows:-

No	Business segments	Principal activities
1.	Glove-dipping lines	: manufacture of glove-dipping machines, fabrication works on metal and stainless steel products and carry out all supporting services associated therewith
2.	Rubber Gloves	: manufacturing and trading of rubber gloves
3.	Corporate	: provision of corporate services to the entities within the Group

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

A9. Segmental information (Cont’d)

(a) Business Segments (Cont’d)

	Glove-Dipping Lines RM’000	Rubber Gloves RM’000	Corporate RM’000	Consolidation adjustments RM’000	Consolidated RM’000
Current year-to-date 31.12.2020					
External Revenue	68,490	172,296	-	-	240,786
Inter-segment Revenue	417	-	3,800	(4,217)	-
	68,907	172,296	3,800	(4,217)	240,786
Segment result					
Profit/(Loss) from operation	10,812	50,318	(6,241)	(14,082)	40,807
Depreciation	464	4,599	-	63	5,126
Finance costs	6	28	-	-	34
Interest income	(3)	-	-	-	(3)
Profit before taxation	11,279	54,945	(6,241)	(14,019)	45,964
Tax expense					(15,766)
Profit after taxation					30,198
Attributable to:					
Owners of the Company					15,916
Non-controlling interest					14,282
Profit for the financial year					30,198
Segment assets	65,135	133,265	99,130	(59,517)	238,013
Goodwill	-	-	-	2,785	2,785
Segment liabilities	55,834	59,635	361	(12,071)	103,759

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

A9. Segmental information (Cont’d)

(a) Business Segments (Cont’d)

	Glove-Dipping Lines RM’000	Rubber Gloves RM’000	Corporate RM’000	Consolidation adjustments RM’000	Consolidated RM’000
Current year-to-date 31.12.2019					
External Revenue	53,759	90,673	-	-	144,432
Inter-segment Revenue	396	-	-	(396)	-
	54,155	90,673	-	(396)	144,432
Segment result					
Profit/(Loss) from operation	6,676	1,865	(282)	113	8,372
Depreciation	(589)	(4,086)	-	(66)	(4,741)
Finance costs	(14)	(82)	-	-	(96)
Interest income	9	-	-	-	9
Profit/(Loss) before taxation	6,082	(2,303)	(282)	47	3,544
Tax credit					468
Profit after taxation					4,012
Attributable to:					
Owners of the Company					4,836
Non-controlling interest					(824)
Profit for the financial year					4,012
Segment assets	43,675	48,793	72,833	(48,290)	117,011
Goodwill	-	-	-	2,785	2,785
Segment liabilities	39,203	16,969	331	(11,040)	45,463

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental information (Cont'd)

(b) Geographical Information

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.12.2020 RM'000	Unaudited Preceding year quarter 31.12.2019 RM'000	Unaudited Current year-to- date 31.12.2020 RM'000	Audited Preceding year-to- date 31.12.2019 RM'000
Domestic	37,510	9,883	103,561	21,971
Overseas	56,018	19,844	137,225	122,461
	93,528	29,727	240,786	144,432

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

Save as disclosed in Note B7, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

There was no material change in the composition of the Group for the current financial quarter under review.

A13. Contingent assets and contingent liabilities

The Group has no contingent asset as at the date of this report. Contingent liability of the Group was as follows: -

	Unaudited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
Bank guarantee extended by a subsidiary to a third party	910	910

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

A14. Capital commitments

There was no material capital commitment in respect of property, plant and equipment as at the end of the current financial quarter under review.

A15. Related party transactions

The Group’s transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 31 December 2020 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.12.2020 RM’000	Unaudited Preceding year quarter 31.12.2019 RM’000	Unaudited Current year-to- date 31.12.2020 RM’000	Audited Preceding year-to- date 31.12.2019 RM’000
Sales of rubber gloves	(714)	(11,091)	(16,074)	(50,324)
Sales of glove-dipping machines	(922)	(8,734)	(4,591)	(25,042)
Purchase of wood pellets	1,174	875	2,466	934
Legal and Advisory fee	22	-	34	-

At the Annual General Meeting held on 22 June 2020 (“AGM”), shareholders of the Company had approved the proposed renewal of existing shareholder’s mandate and new shareholders’ mandate for recurrent related party transactions of a revenue and/or trading nature from the date of AGM up to the date of next AGM.

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

Financial review for current quarter:

	--- Individual Quarter ---				--- Cumulative Quarter ---			
	Unaudited Current year quarter	Unaudited Preceding year quarter	Changes		Unaudited Current year-to-date	Audited Preceding year-to-date	Changes	
	31.12.2020 RM'000	31.12.2019 RM'000	RM'000	%	31.12.2020 RM'000	31.12.2019 RM'000	RM'000	%
Revenue	93,528	29,727	63,801	214.62	240,786	144,432	96,354	66.71
Gross profit	37,381	2,854	34,527	1,209.78	72,692	13,669	59,023	431.80
Profit before taxation	25,209	(2,738)	27,947	(1,020.71)	45,964	3,544	42,420	1,196.95
Profit after taxation	16,628	(2,335)	18,963	(812.12)	32,336	4,012	28,324	705.98
Revenue								
Glove-Dipping Lines	22,326	10,413	11,913	114.41	68,490	53,759	14,731	27.40
Rubber Gloves	71,202	19,314	51,888	268.65	172,296	90,673	81,623	90.02
Corporate	-	-	-	-	-	-	-	-
	93,528	29,727	63,801	214.62	240,786	144,432	96,354	66.71
Gross profit								
Glove-Dipping Lines	4,361	2,681	1,680	62.66	15,188	12,400	2,788	22.48
Rubber Gloves	33,020	173	32,847	18,986.71	57,504	1,269	56,235	4,431.44
Corporate	-	-	-	-	-	-	-	-
	37,381	2,854	34,527	1,209.78	72,692	13,669	59,023	431.80
Profit/(Loss) before taxation								
Glove-Dipping Lines	1,301	(1,620)	2,921	(180.31)	11,015	6,116	4,899	80.10
Rubber Gloves	28,757	(1,086)	29,843	(2,747.97)	44,990	(2,290)	47,280	(2,064.63)
Corporate	(4,849)	(32)	(4,817)	(15,053.13)	(10,041)	(282)	(9,759)	(3,460.64)
	25,209	(2,738)	27,947	(1,020.71)	45,964	3,544	42,420	1,196.95

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT

B1. Review of performance (Cont’d)

For the current financial quarter under review, the Group recorded revenue of RM93.528 million, an increase of 214.62% as compared to RM29.727 million in the preceding year quarter. An increase of RM63.801 million in revenue was mainly attributable to the increase in revenue from both glove-dipping lines and rubber gloves segment.

The Group recorded revenue of RM240.786 million for the financial year ended 31 December 2020 (“FYE 2020”), an increase of 66.71% as compared to previous financial year ended 31 December 2019 (“FYE 2019”). An increase of RM96.354 million in revenue was mainly attributable to the increase in revenue from both glove-dipping lines and rubber gloves segment.

The Group recorded gross profit of RM37.381 million with a gross profit margin of 39.97% as compared to gross profit of RM2.854 million with gross profit margin of 9.60% in the preceding year quarter. For FYE 2020, the Group recorded gross profit of RM72.692 million with gross profit margin of 30.19% as compared to gross profit of RM13.669 million with gross profit margin of 9.46% for FYE 2019. Better performance from both glove-dipping lines and rubber gloves segments has contributed to the increase in the gross profit and gross profit margin.

The Group incurred RM26.728 million in operating expenses, an increase of RM16.603 million compared to preceding year quarter. The increase of RM8.451 million in selling and distribution expenses were mainly due to commission paid for selling of the rubber gloves. Whereas the increase of RM9.705 million of administrative and other expenses were mainly due to fair value recognition of Employees Share Option Scheme, foreign exchange loss as well as increase in staff cost.

Glove-Dipping Lines

The glove-dipping lines segment managed to achieve revenue of RM22.326 million, an increase of 114.41% as compared to RM10.413 million in the preceding year quarter. For the FYE 2020, the glove-dipping lines segment recorded revenue of RM68.490 million, an increase of 27.40% as compared to RM53.759 million in the FYE 2019. The revenue mainly contributed from design, fabrication, installation, testing and commissioning of glove-dipping lines segment (“Sale of New Lines”) backed by revenue contribution of RM56.894 million from two new orders secured in the year 2019 but whose implementation commenced in the year 2020 as well as revenue contribution from outstanding orders brought forward from previous financial year. Currently, seven orders are in progress which comprised of four local orders and three foreign orders. Local market contributes significant portion of revenue amounting to RM55.544 million or 81.10% of the glove-dipping lines segment’s total revenue.

The glove-dipping lines segment recorded a gross profit of RM4.361 million with a gross profit margin of 19.53% as compared to a gross profit of RM2.681 million with gross profit margin of 25.75% in the preceding year. For FYE 2020, the glove-dipping lines segment recorded gross profit of RM15.188 million with gross profit margin of 22.18% as compared to gross profit of RM12.400 million with gross profit margin of 23.07%. The increase in both gross profit and gross profit margin was mainly attributable to better performance in both Sales of New Lines and provision of upgrading and modification works for glove-dipping lines segment (“Upgrade and Modification”).

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

B1. Review of performance (Cont’d)

The glove-dipping lines segment recorded profit before taxation of RM1.301 million as compared to loss before taxation of RM1.620 million in the preceding year quarter. For FYE 2020, the glove-dipping lines segment recorded profit before taxation of RM11.015 million as compared to RM6.116 million in the FYE 2020 was due to decrease in operating expenses.

Rubber Gloves

HL Rubber Industries Sdn Bhd (“HLRI”) is principally engaged in the business of manufacturing and trading of rubber gloves. The rubber gloves segment delivered revenue of RM71.202 million, an increase of 268.65% as compared to RM19.314 million in the preceding year quarter. For the FYE 2020, the rubber gloves segment recorded revenue of RM172.296 million, an increase of 90.02% as compared to RM90.673 million in the FYE 2019. Export sales contributed 72.13% of the total revenue of rubber gloves segment. The export market mainly consists of Taiwan, United States of America, China, Singapore and Hong Kong.

The rubber gloves segment recorded a gross profit of RM33.020 million with a gross profit margin of 46.38% as compared to a gross profit of RM0.173 million with gross profit margin of 0.90% in the preceding year quarter. For FYE 2020, the rubber gloves segment recorded gross profit of RM57.504 million with gross profit margin of 33.38% as compared to gross profit of RM1.269 million with gross profit margin of 1.40%. The significant increase in both gross profit and gross profit margin were mainly attributable to increase in average selling price due to overwhelming demand of gloves during this COVID-19 pandemic.

The rubber gloves segment recorded profit before taxation of RM28.757 million as compared to a loss before taxation of RM1.086 million. For FYE 2020, the rubber gloves segment recorded profit before taxation of RM44.990 million as compared to loss before taxation of RM2.290 million in the FYE 2019.

Corporate

Corporate segment represents the investment holding company. No revenue was contributed by the investment holding company.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

B2. Comparison with immediate preceding quarter’s results

	Unaudited Current Quarter 31.12.2020 RM’000	Unaudited Preceding Quarter 30.09.2020 RM’000	Changes	
			RM’000	%
Revenue	93,528	70,264	23,264	33.11
Profit before taxation	25,209	11,441	13,768	120.34
Revenue				
Glove-Dipping Lines	22,326	19,316	3,010	15.58
Rubber Gloves	71,202	50,948	20,254	39.75
Corporate	-	-	-	-
	93,528	70,264	23,264	33.11
Profit/(Loss) before taxation				
Glove-Dipping Lines	1,301	2,195	(894)	(40.73)
Rubber Gloves	28,757	14,271	14,486	101.51
Corporate	(4,849)	(5,025)	176	(3.50)
	25,209	11,441	13,768	120.34

The Group’s revenue for the current quarter has increased by RM23.264 million or 33.11% to RM93.528 million as compared to RM70.264 million in the preceding quarter. The increase in revenue was attributable to higher revenue generated from both glove-dipping lines and rubber gloves segments. Meanwhile, the profit before taxation increase by 120.34% to RM25.209 million as compare to RM11.441 million in the preceding quarter. The significant increase was mainly contributed by rubber gloves segment due to increase in the average selling price of rubber gloves during the COVID-19 pandemic period.

B3. Commentary on prospects

The prospects for growth in the rubber glove industry are positive as the industry is expected to continue to be driven by the growth in the global and domestic healthcare industry, especially the Coronavirus Disease 2019 outbreak as pandemic. The gloves are the essential item for the medical supplies. The growth are also driven by increasing demand arising from other end-user markets such as manufacturing, and availability of raw materials utilised in the manufacturing of rubber gloves. Given the vibrant and growing rubber glove industry in Malaysia, the prospect of our Rubber Gloves Segment would seem promising.

Nevertheless, the prospects for growth in the glove-dipping line industry in Malaysia are positive as the industry is expected to continue being driven by the growth in demand for rubber gloves globally as well as domestically. The Group will continue to execute its business strategies and has put in place a series of future plans to strengthen its position in the glove-dipping line industry in Malaysia as well as the overseas market.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

B4. Income tax expense

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.12.2020 RM’000	Unaudited Preceding year quarter 31.12.2019 RM’000	Unaudited Current year-to- date 31.12.2020 RM’000	Audited Preceding year-to- date 31.12.2019 RM’000
Current tax expense	8,606	130	13,669	130
Under/(Over) provision	50	(30)	50	(30)
Deferred taxation	2,063	(503)	2,047	(568)
	10,719	(403)	15,766	(468)

B5. Trade receivables

	Unaudited As at 31.12.2020 RM’000	Audited As at 31.12.2019 RM’000
Trade receivables	36,075	40,684
Allowance for impairment losses	(18,546)	(19,031)
	17,529	21,653
Allowance for impairment losses: -		
At 1 January	(19,031)	(16,870)
Addition during the financial year	(1,798)	(2,161)
Reversal during the financial period	2,282	-
Exchange rate differences	1	-
At 31 December	(18,546)	(19,031)

The Group’s normal trade credit terms range from 30 to 90 days.

B6. Variance of actual profit from profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

B7. Status of corporate proposal

Save as disclosed below, there was no corporate proposal announced or outstanding as at the date of this report.

Private Placement

On 10 August 2020, the Board of Directors of the Company announced that the Company is proposing to undertake a Private Placement of new ordinary shares in the Company of up to twenty percent (20%) of the total number of issued shares in the Company.

On 19 August 2020, Bursa Securities has vide its letter approved the listing and quotation of up to 144,945,319 Placement Shares to be issued pursuant to the Proposed Private Placement, subject to the following conditions: -

1. HLT Global and KAF Investment Bank Berhad (“KAF IB”) must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Private Placement.
2. HLT Global and KAF IB to inform Bursa Securities upon the completion of the Proposed Private Placement.
3. HLT Global to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Private Placement is completed.

On 4 February 2021, Bursa Securities has vide its letter resolved to grant the Company an extension of time of six (6) months until 18 August 2021 to complete the implementation of the Private Placement.

Proposed Acquisition

On 11 January 2021, the Board of Directors of the Company announced that the Company is proposing to acquire the remaining 4,725,000 ordinary shares in HL Rubber Industries Sdn Bhd (“HLRI”), representing 45.0% of the issued share capital of HLRI, for a purchase consideration of RM90,000,000 to be satisfied via the issuance of 90,000,000 new ordinary shares in the Company at an issue price of RM1.00 per Consideration Share.

On 8 February 2021, Bursa Securities has vide its letter approved the listing of 90,000,000 new ordinary shares in the Company to be issued pursuant to the Proposed Acquisition, subject to the following conditions: -

1. HLT Global and KAF Investment Bank Berhad (“KAF IB”) must fully comply with the relevant provisions under the ACE Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Acquisition.
2. HLT Global and KAF IB to inform Bursa Securities upon the completion of the Proposed Acquisition.
3. HLT Global to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Acquisition is completed.
4. Compliance by HLT Global with public shareholding spread upon completion of the Proposed Acquisition. In this connection, KAF IB is to furnish a schedule containing the information set out in Appendix 8E, Chapter 8 of the Listing Requirements to Bursa Securities, upon completion of the Proposed Acquisition.

HLT Global is also required to ensure full compliance of all the requirements as provided under the Listing Requirements at all times.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

B8. Utilisation of proceeds from the Initial Public Offering (“IPO”)

The Group has yet to fully utilise the IPO proceeds. The Board of Directors has resolved to extend the timeframe for the utilisation of proceeds which have been earmarked for the upgrading of eight existing glove-dipping lines and setting up of one new glove-dipping line of a subsidiary, HLRI to 17 November 2021 pending implementation of the Private Placement, which serves to, amongst others, finance/part-finance the land acquisition and factory construction costs pursuant to HLT Global’s business expansion plan to set up a new rubber glove manufacturing plant.

The gross proceeds arising from the Public Issue amounting to RM17.816 million and the status of the utilisation of the proceeds as at the date of this report is as follows: -

Purposes	Revised utilisation of IPO proceeds RM’000	Actual Utilisation RM’000	Balance RM’000
(a) Working capital	7,316	(7,316)	-
(b) Estimated listing expenses	2,400	(2,400)	-
(c) Upgrading ⁽¹⁾	3,600	-	3,600
(d) New line ⁽²⁾	4,500	-	4,500
Total	17,816	(9,716)	8,100

(1) Upgrading – Finance the upgrading of eight (8) of the sixteen (16) existing glove-dipping lines of the newly acquired subsidiary, HLRI. The combined production capacity of the eight (8) existing glove-dipping lines are expected to improve by approximately 30% from the existing 480 million pieces of glove to 624 million pieces of glove per annum.

(2) New line – Finance the setting up of one (1) new glove-dipping line at the existing factory premises of HLRI. The new glove-dipping line will be a single former glove-dipping line, caters for the production of special industrial gloves, with a proposed production output of up to 12 thousand pieces of glove per hour.

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

B9. Group borrowings and debt securities

Total Group’s borrowings as at 31 December 2020 are as follows:-

	Unaudited As at 31.12.2020 RM’000	Audited As at 31.12.2019 RM’000
Short-term borrowings:		
Lease Liability	-	71
Term loans	117	359
	<hr/>	<hr/>
	117	430
Long-term borrowings:		
Lease Liability	-	241
Term loans	696	1,342
	<hr/>	<hr/>
	696	1,583
Total borrowings	<hr/> <hr/>	<hr/> <hr/>
	813	2,013

The term loans are secured and denominated in Ringgit Malaysia.

B10. Material litigation

Kuala Lumpur High Court Civil Suit No.: WA-22NCC-390-08/2020: WRP Asia Pacific Sdn. Bhd. (“the Plaintiff”) v Lee Son Hong (“Dato’ Lee”) (1st Defendant), Too Sooi Keng (“Too”) (2nd Defendant), HL Advance Technologies (M) Sdn. Bhd. (“HLA”) (3rd Defendant), Chan Yoke Chun (“Chan”) (4th Defendant) and Wong Kok Wah (“Wong”) (5th Defendant)

On 28 August 2020, HLA, a wholly-owned subsidiary of the Company has been served with a sealed Writ of Summons No. WA-22NCC-390-08/2020 accompanied by a Statement of Claim, both dated 18 August 2020 by WRP Asia Pacific Sdn. Bhd. (“Plaintiff”) who alleges, inter alia, that in the course of an internal investigation conducted by the Plaintiff, it was discovered that Dato’ Lee, Too, HLA, Chan and/or Wong had conspired to pay a total of RM36,000,000.00 to HLA to the detriment of the Plaintiff.

HLA have on 6 October 2020 filed a defence and counterclaim with the High Court of Malaya against the Plaintiff for the amount owing of RM10,080,444.57 and the subsidiary company of the Plaintiff, WRP Specialty Products Sdn. Bhd. for the amount owing of RM6,354,577.14. The amounts owing arising from the supply and commissioning of various latex gloves production lines for the Plaintiff and WRP Specialty Products Sdn. Bhd.

Save as disclosed above, there was no material litigation pending as at the date of this announcement.

B11. Dividends

The Board of Directors does not recommend any dividend for the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

B12. Earnings per share (“EPS”)

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

	Unaudited Current year quarter 31.12.2020	Unaudited Current year-to-date 31.12.2020
Profit after taxation attributable to owners of the Company (RM'000)	6,098	15,916
Basic		
Weighted average number of ordinary shares in issue ('000): -		
Issued ordinary shares on 1 January	511,977	511,977
Effect of new ordinary shares issued pursuant to:		
- ESOS options	1,447	1,447
- Warrants	32,286	32,286
Weighted average number of ordinary shares for the financial period/year	545,710	545,710
Basic EPS (sen)	1.12	2.92
Diluted		
Weighted average number of ordinary shares in issue ('000)	545,710	545,710
Weighted average number of ordinary shares under ESOS options and warrants ('000)	79,810	78,437
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	625,520	624,147
Diluted EPS (sen)	0.97	2.55

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

B13. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

Profit before taxation is arrived at after charging/(crediting): -

	Unaudited Current year quarter 31.12.2020 RM’000	Unaudited Current year-to-date 31.12.2020 RM’000
Allowance for impairment loss on trade receivables	1,666	1,798
Depreciation of property, plant and equipment	1,337	4,791
Depreciation of right-of-use assets	84	335
Equity-settled share-based payment	4,853	9,755
Interest expense	-	34
Reversal of impairment loss on trade receivable	(282)	(2,282)
Realised loss on foreign exchange	526	852
Unrealised loss on foreign exchange	78	29
Gain on disposal of plant and equipment	(10)	(140)
Fair value gain on short-term investment	(1)	(6)
Interest income	(1)	(3)
Dividend income	(253)	(693)
Rental Income	(1)	(6)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

The rest of this page is intentionally left blank