



HLT GLOBAL BERHAD

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

Year 2021

Quarterly Announcement

For the First Quarter Ended 31 March 2021

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 FIRST (1ST) QUARTER ENDED 31 MARCH 2021⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 31.03.2021 RM'000	Unaudited Preceding year quarter 31.03.2020 RM'000	Unaudited Current year- to-date 31.03.2021 RM'000	Unaudited Preceding year- to-date 31.03.2020 RM'000
Revenue	A9	113,155	26,132	113,155	26,132
Cost of sales		(76,022)	(25,242)	(76,022)	(25,242)
Gross profit		37,133	890	37,133	890
Other operating income		1,580	3,304	1,580	3,304
Selling and distribution expenses		(4,636)	(231)	(4,636)	(231)
Administrative and other expenses		(4,609)	(1,777)	(4,609)	(1,777)
Finance costs		-	(12)	-	(12)
Profit before taxation		29,468	2,174	29,468	2,174
Income tax expense	B4	(7,394)	(150)	(7,394)	(150)
Profit after taxation		22,074	2,024	22,074	2,024
Other comprehensive income		-	-	-	-
Total comprehensive income the financial period		22,074	2,024	22,074	2,024
Profit/(Loss) after taxation attributable to:					
- Owners of the Company		12,137	2,600	12,137	2,600
- Non-controlling interests		9,937	(576)	9,937	(576)
		22,074	2,024	22,074	2,024
Total comprehensive income/(expenses) attributable to:					
- Owners of the Company		12,137	2,600	12,137	2,600
- Non-controlling interests		9,937	(576)	9,937	(576)
		22,074	2,024	22,074	2,024
Earnings per share (sen):					
- Basic	B12	1.97	0.51	1.97	0.51
- Diluted ⁽²⁾	B12	1.74	0.51	1.74	0.51

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 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Diluted earnings per share of the Company for the individual quarter 31 March 2020 and cumulative quarter 31 March 2020 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)]
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021⁽¹⁾

	Note	Unaudited As at 31.03.2021 RM'000	Audited As at 31.12.2020 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		30,256	27,099
Right-of-use assets		16,886	16,970
Goodwill		2,785	2,785
		<u>49,927</u>	<u>46,854</u>
CURRENT ASSETS			
Inventories		38,227	27,521
Trade receivables	B5	17,639	17,529
Other receivables, deposits and prepayments		23,950	25,932
Contract assets		5,662	4,500
Amount owing by related parties		614	1,230
Short-term investments		79,264	69,216
Current tax assets		253	-
Fixed Deposits with a licensed bank		1,500	6,220
Cash and bank balances		38,573	41,796
		<u>205,682</u>	<u>193,944</u>
TOTAL ASSETS		<u>255,609</u>	<u>240,798</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		98,502	98,318
Merger deficit		(22,033)	(22,033)
Employee share option reserve		8,876	7,730
Retained profits		29,282	17,145
		<u>114,627</u>	<u>101,160</u>
Equity attributable to owners of the Company		114,627	101,160
Non-controlling interests		45,816	35,879
		<u>160,443</u>	<u>137,039</u>
TOTAL EQUITY		160,443	137,039
NON-CURRENT LIABILITIES			
Term loan	B9	657	696
Deferred tax liabilities		3,990	3,995
		<u>4,647</u>	<u>4,691</u>
CURRENT LIABILITIES			
Trade payables		35,504	22,467
Other payables and accruals		28,256	47,930
Contract liabilities		22,096	22,950
Amount owing to a related party		318	391
Term loan	B9	119	117
Current tax liabilities		4,226	5,213
		<u>90,519</u>	<u>99,068</u>
TOTAL LIABILITIES		95,166	103,759
TOTAL EQUITY AND LIABILITIES		<u>255,609</u>	<u>240,798</u>
Net assets per share (RM)		<u>0.19</u>	<u>0.16</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 2020 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021⁽¹⁾

	← Non-Distributable →			Distributable		Non-Controlling Interests RM'000	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		
Balance at 1 January 2021	98,318	(22,033)	7,730	17,145	101,160	35,879	137,039
Profit after taxation/Total comprehensive income for the financial period	-	-	-	12,137	12,137	9,937	22,074
Contributions by and distribution to owners of the Company:							
- Issuance of ordinary shares pursuant to:							
- ESOS exercised	125	-	(56)	-	69	-	69
- Warrants exercised	59	-	-	-	59	-	59
- Share options to employees	-	-	1,202	-	1,202	-	1,202
Total transactions with owners	184	-	1,146	-	1,330	-	1,330
Balance at 31 March 2021	98,502	(22,033)	8,876	29,282	114,627	45,816	160,443
Balance at 1 January 2020	73,465	(22,033)	83	1,221	52,736	21,597	74,333
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial period	-	-	-	2,600	2,600	(576)	2,024
Balance at 31 March 2020	73,465	(22,033)	83	3,821	55,336	21,021	76,357

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 2020 and the accompanying explanatory notes attached to this interim financial report.

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021⁽¹⁾

	Unaudited Current year-to-date 31.03.2021 RM'000	Unaudited Preceding year-to-date 31.03.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,468	2,174
Adjustments for: -		
Depreciation of property, plant and equipment	1,522	1,141
Depreciation of right-of-use assets	84	84
Interest expense	-	12
Share options to employees	1,202	-
Unrealised gain on foreign exchange	(346)	(851)
Dividend income	(348)	(129)
Fair value loss/(gain) on short-term investments	#	*
Gain on disposal of plant and equipment	-	(130)
Interest income	(1)	(2)
Reversal of impairment loss on trade receivable	-	(2,000)
Operating profit before working capital changes	31,581	299
(Increase)/Decrease in inventories	(10,706)	1,978
Net decrease in contract liabilities	(2,016)	(3,642)
Decrease in trade and other receivables	1,635	14,476
Decrease in trade and other payables	(6,515)	(5,977)
Net decrease in amount owing by related parties	553	4,812
CASH FROM OPERATIONS	14,532	11,946
Income tax paid	(8,639)	(204)
Interest received	1	2
Interest paid	-	(12)
NET CASH FROM OPERATING ACTIVITIES	5,894	11,732
CASH FLOWS FOR INVESTING ACTIVITIES		
Dividend received	348	130
Purchase of property, plant and equipment	(4,679)	(432)
Proceed from disposal of plant and equipment	(1,500)	130
NET CASH FOR INVESTING ACTIVITIES	(5,831)	(172)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 31.03.2021 RM'000	Unaudited Preceding year-to-date 31.03.2020 RM'000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	128	-
Repayment of term loans	(38)	(104)
Repayment of lease liability	-	(18)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	90	(122)
NET INCREASE IN CASH AND CASH EQUIVALENTS	153	11,438
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	452	62
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	117,232	21,464
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	117,837	32,964
Cash and cash equivalents comprise the following:		
- Fixed deposit with a licensed bank	1,500	-
- Short-term investments	79,264	19,429
- Cash and bank balances	38,573	13,535
	119,337	32,964
Less: Fixed deposit with tenure of more than 3 months	(1,500)	-
	117,837	32,964

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 2020 and the accompanying explanatory notes attached to this interim financial report.

*Represents RM148

#Represents (RM417)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

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 2020 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in accounting policies

During the current financial quarter, 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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

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 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
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 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

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

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.

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 3-month period ended 31 March 2021, the Company has issued new ordinary shares as follows:-

	Issue Price	No. of Shares
Exercise of ESOS options	RM0.70	297,000
Conversion of Warrants	RM0.20	98,500

As at 31 March 2021, the total number of outstanding warrants was 98,361,048.

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

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 31.03.2021					
External Revenue	23,336	89,819	-	-	113,155
Segment result					
Profit/(Loss) from operation	1,965	27,527	(1,598)	(31)	27,863
Depreciation	118	1,472	-	16	1,606
Interest income	(1)	-	-	-	(1)
Profit/(Loss) before taxation	2,082	28,999	(1,598)	(15)	29,468
Tax expense					(7,394)
Profit after taxation					22,074
Attributable to:					
Owners of the Company					12,137
Non-controlling interest					9,937
Profit for the period					22,074
Segment assets	73,723	137,270	98,930	(57,099)	252,824
Goodwill	-	-	-	2,785	2,785
Segment liabilities	62,841	41,539	429	(9,643)	95,166

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

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 31.03.2020					
External Revenue	8,845	17,287	-	-	26,132
Inter-segment Revenue	7	-	-	(7)	-
	<u>8,852</u>	<u>17,287</u>	<u>-</u>	<u>(7)</u>	<u>26,132</u>
Segment result					
Profit/(Loss) from operation	3,356	(2,335)	(49)	(33)	939
Depreciation	145	1,064	-	16	1,225
Finance costs	3	9	-	-	12
Interest income	(2)	-	-	-	(2)
Profit/(Loss) before taxation	<u>3,502</u>	<u>(1,262)</u>	<u>(49)</u>	<u>(17)</u>	<u>2,174</u>
Tax expense					(150)
Profit after taxation					<u>2,024</u>
Attributable to:					
Owners of the Company					2,600
Non-controlling interest					(576)
Profit for the period					<u>2,024</u>
Segment assets	36,301	47,007	72,719	(48,195)	107,832
Goodwill	-	-	-	2,785	2,785
Segment liabilities	<u>28,482</u>	<u>16,445</u>	<u>267</u>	<u>(10,935)</u>	<u>34,259</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

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 31.03.2021 RM’000	Unaudited Preceding year quarter 31.03.2020 RM’000	Unaudited Current year-to- date 31.03.2021 RM’000	Unaudited Preceding year-to- date 31.03.2020 RM’000
Domestic	38,497	8,219	38,497	8,219
Overseas	74,658	17,913	74,658	17,913
	113,155	26,132	113,155	26,132

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

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

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

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 31.03.2021 RM’000	Audited As at 31.12.2020 RM’000
Bank guarantee extended by a subsidiary to a third party	910	910

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 March 2021 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2021 RM’000	Unaudited Preceding year quarter 31.03.2020 RM’000	Unaudited Current year-to- date 31.03.2021 RM’000	Unaudited Preceding year-to- date 31.03.2020 RM’000
Sales of rubber gloves	(693)	(9,579)	(693)	(9,579)
Sales of glove-dipping machines	-	(2,942)	-	(2,942)
Purchase of wood pellets	1,492	493	1,492	493
Legal and advisory fee	9	-	9	-

At the Annual General Meeting held on 31 May 2021 (“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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

Financial review for current quarter:

	--- Individual Quarter ---			
	Unaudited Current year quarter 31.03.2021 RM'000	Unaudited Preceding year quarter 31.03.2020 RM'000	Changes RM'000 %	
Revenue	113,155	26,132	87,023	333.01
Gross profit	37,133	890	36,243	4,072.25
Profit before taxation	29,468	2,174	27,294	1,255.47
Profit after taxation	22,074	2,024	20,050	990.61
Revenue				
Glove-Dipping Lines	23,336	8,845	14,491	163.83
Rubber Gloves	89,819	17,287	72,532	419.58
Corporate	-	-	-	-
	113,155	26,132	87,023	333.01
Gross profit/(loss)				
Glove-Dipping Lines	3,221	2,149	1,072	49.88
Rubber Gloves	33,912	(1,259)	35,171	(2,793.57)
Corporate	-	-	-	-
	37,133	890	36,243	4,072.25
Profit/(Loss) before taxation				
Glove-Dipping Lines	2,082	3,495	(1,413)	(40.43)
Rubber Gloves	28,984	(1,272)	30,256	(2,378.62)
Corporate	(1,598)	(49)	(1,549)	3,161.22
	29,468	2,174	27,294	1,255.47

For the current financial quarter under review, the Group recorded revenue of RM113.155 million, increase of 333.01% as compared to RM26.132 million in the preceding year quarter. The increase in revenue was attributable to increase revenue in both glove-dipping lines and rubber gloves segments.

The Group recorded a gross profit of RM37.133 million with a gross profit margin of 32.82% for the current quarter under review as compared to a gross profit of RM0.890 million with a gross profit margin of 3.41% in the preceding year quarter. Better performance from both glove-dipping lines and rubber gloves segment has contributed to the increase in the gross profit and gross profit margin.

The Group incurred RM7.665 million in operating expenses, an increase of RM6.381 million compared to preceding year quarter. The increase in the operating expenses mainly due to reversal of impairment loss on a trade debtor of RM2 million in preceding year quarter, commission paid for selling of the rubber gloves and fair value recognition of Employees Share Option Scheme.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B1. Review of performance (Cont'd)

Glove-Dipping Lines

The glove-dipping lines segment recorded revenue of RM23.336 million, an increase of 163.83% as compared to RM8.845 million in the preceding year quarter. 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 RM22.876 million from the orders secured in the year 2021 as well as revenue contribution from outstanding orders brought forward from previous financial year. Currently, nine orders are in progress which comprised of three local orders and six foreign orders. Local market contributes significant portion of revenue amounting to RM15.734 million or 67.42% of the glove-dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM3.221 million with a gross profit margin of 13.80% as compared to a gross profit of RM2.149 million with gross profit margin of 24.30% in the preceding year quarter.

The glove-dipping lines segment recorded a lower profit before taxation of RM2.082 million as compared to a profit before taxation of RM3.495 million in the preceding year quarter was due to reversal of impairment loss on a trade debtor in preceding year quarter.

Rubber Gloves

HL Rubber Industries Sdn. Bhd. ("HLRI") is principally engaged in the business of manufacturing and trading of rubber gloves. Rubber gloves segment delivered revenue of RM89.819 million, increase of 419.58% as compared to RM17.287 million in preceding year quarter. Export sales contributed 74.66% of the total revenue of rubber gloves segment. The export market mainly consists of United States of America, Hong Kong, Singapore, Australia and Japan.

The rubber gloves segment recorded a gross profit of RM33.912 million with gross profit margin 37.76% as compared to a gross loss of RM1.259 million with gross loss margin 7.28% in the preceding year quarter. The rubber gloves segment recorded profit before taxation of RM28.984 million as compared to a loss before taxation of RM1.272 million in the preceding year quarter. The significant increase in both profit and profit margin were mainly attributable to higher average selling price due to overwhelming demand of gloves during this COVID-19 pandemic.

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 FIRST (1ST) QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B2. Comparison with immediate preceding quarter's results

	Unaudited Current Quarter 31.03.2021 RM'000	Unaudited Preceding Quarter 31.12.2020 RM'000	Changes RM'000	%
Revenue	113,155	93,528	19,627	20.99
Profit before taxation	29,468	25,209	4,259	16.89
Revenue				
Glove-Dipping Lines	23,336	22,326	1,010	4.52
Rubber Gloves	89,819	71,202	18,617	26.15
Corporate	-	-	-	-
	113,155	93,528	19,627	20.99
Profit/(Loss) before taxation				
Glove-Dipping Lines	2,082	1,301	781	60.03
Rubber Gloves	28,984	28,757	227	0.79
Corporate	(1,598)	(4,849)	3,251	(67.04)
	29,468	25,209	4,259	16.89

The Group's revenue for the current quarter has increased by RM19.627 million or 20.99% to RM113.155 million as compared to RM93.528 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 increases by 16.89% to RM29.468 million as compare to RM25.209 million in the preceding quarter. The significant increase was mainly contributed by rubber gloves segment due to higher average selling price of rubber gloves during the COVID-19 pandemic period.

B3. Commentary on prospects

The prospect for growth in the rubber glove industry are positive as the industry is expected to continue to be driven by growth in the global and domestic healthcare industry, increasing demand arising from other end-user markets such as manufacturing, continued growth in the global economy, 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. Further, in view of the outbreak of Covid-19, the group envisages strong demand for the rubber gloves, especially from the global and domestic healthcare industry as well as the various end-user markets such as manufacturing, industrial, food processing, semiconductor, electronics and beauty.

In the meantime, the prospect 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. We, as one of the key industry players in the glove-dipping line industry in Malaysia, shows potential to gain from the growing domestic and international demand. With our track record and technical capabilities, as well as strong position in the domestic market, we are poised to increase our presence in the glove-dipping line industry, as well as capture opportunities in the export markets

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B4. Income tax expense

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2021 RM'000	Unaudited Preceding year quarter 31.03.2020 RM'000	Unaudited Current year-to- date 31.03.2021 RM'000	Unaudited Preceding year-to- date 31.03.2020 RM'000
Current tax expense	7,400	155	7,400	155
Deferred taxation	(6)	(5)	(6)	(5)
	<u>7,394</u>	<u>150</u>	<u>7,394</u>	<u>150</u>

B5. Trade receivables

	Unaudited As at 31.03.2021 RM'000	Audited As at 31.12.2020 RM'000
Trade receivables	36,189	36,075
Allowance for impairment losses	(18,550)	(18,546)
	<u>17,639</u>	<u>17,529</u>
Allowance for impairment losses: -		
At 1 January	(18,546)	(19,031)
Addition during the financial year	-	(1,798)
Reversal during the financial period	-	2,282
Exchange Rate differences	(4)	1
At 31 March/31 December	<u>(18,550)</u>	<u>(18,546)</u>

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (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 4 February 2021, Bursa Securities has vide its letter resolved to grant the Company an extension of time for undertaking a Private Placement of new ordinary shares in the Company of up to twenty percent (20%) of the total number of issued shares until 18 August 2021.

Proposed Acquisition

- a) On 14 January 2021, the Board of Directors announced that the Company is proposing to acquire the remaining 4,725,000 ordinary shares in its existing subsidiary, HL Rubber industries Sdn. Bhd. ("HLRI"), representing 45% of the issued and paid-up 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 ("Consideration shares") at an issue price of RM1.00 per Consideration share. Following the completion of the acquisition on 5 April 2021, HLRI became a wholly-owned subsidiary of the Company.
- b) On 19 April 2021, the Board of Directors announced that HL Advance Technologies (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, is proposing to acquire a parcel of leasehold land under HS(D) 34158, PT No. 35212, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Negeri Selangor, together with an office cum factory erected thereon from Sri Taming Sdn. Bhd., for a total cash consideration of RM16.25 million.

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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B9. Group borrowings and debt securities

Total Group's borrowings as at 31 March 2021 are as follows:-

	Unaudited As at 31.03.2021 RM'000	Audited As at 31.12.2020 RM'000
Term loan:		
Current	119	117
Non-current	657	696
	<u>776</u>	<u>813</u>

The term loans are secured and denominated in Ringgit Malaysia.

B10. Material litigation

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (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 31.03.2021	Unaudited Current year-to-date 31.03.2021
Profit after taxation attributable to owners of the Company (RM'000)	12,137	12,137
<u>Basic</u>		
Weighted average number of ordinary shares in issue ('000): -		
Issued ordinary shares on 1 January	616,546	616,546
Effect of new ordinary shares issued pursuant to:		
- ESOS options	99	99
- Warrants	297	297
Weighted average number of ordinary shares for the financial period/year	616,942	616,942
Basic EPS (sen)	1.97	1.97
<u>Diluted</u>		
Weighted average number of ordinary shares in issue ('000)	616,816	616,816
Weighted average number of ordinary shares under ESOS options and warrants ('000)	81,588	81,588
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	698,404	698,404
Diluted EPS (sen)	1.74	1.74

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (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 31.03.2021 RM'000	Unaudited Current year-to-date 31.03.2021 RM'000
Depreciation of property, plant and equipment	1,522	1,522
Depreciation of right-of-use assets	84	84
Share options expense	1,202	1,202
Realised gain on foreign exchange	(35)	(35)
Unrealised gain on foreign exchange	(346)	(346)
Interest income	(1)	(1)
Dividend income	(348)	(348)

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

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