



# **HLT GLOBAL BERHAD**

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

Year 2021

Quarterly Announcement

For the Second Quarter Ended 30 June 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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup>

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 30.06.2021 RM'000	Unaudited Preceding year quarter 30.06.2020 RM'000	Unaudited Current year- to-date 30.06.2021 RM'000	Unaudited Preceding year- to-date 30.06.2020 RM'000
Revenue	A9	76,542	50,862	189,697	76,994
Cost of sales		(55,154)	(39,511)	(131,176)	(64,753)
Gross profit		21,388	11,351	58,521	12,241
Other operating income		1,551	-	3,131	3,121
Selling and distribution expenses		(2,245)	(2,337)	(6,881)	(2,568)
Administrative and other expenses		(4,580)	(1,847)	(9,189)	(3,441)
Finance costs		(69)	(27)	(69)	(39)
Profit before taxation		16,045	7,140	45,513	9,314
Income tax expense	B4	(4,395)	(839)	(11,789)	(989)
Profit after taxation		11,650	6,301	33,724	8,325
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		11,650	6,301	33,724	8,325
Profit after taxation attributable to:					
- Owners of the Company		11,680	4,856	23,817	7,456
- Non-controlling interests		(30)	1,445	9,907	869
		11,650	6,301	33,724	8,325
Total comprehensive income attributable to:					
- Owners of the Company		11,680	4,856	23,817	7,456
- Non-controlling interests		(30)	1,445	9,907	869
		11,650	6,301	33,724	8,325
Earnings per share (sen):					
- Basic	B12	1.66	0.95	3.61	1.46
- Diluted	B12	1.49	0.81	3.21	1.24

### 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.

# HLT GLOBAL BERHAD

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021<sup>(1)</sup>

	Note	Unaudited As at 30.06.2021 RM'000	Audited As at 31.12.2020 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		33,362	27,099
Right-of-use assets		35,522	16,970
Goodwill		2,785	2,785
		<u>71,669</u>	<u>46,854</u>
<b>CURRENT ASSETS</b>			
Inventories		48,950	27,521
Trade receivables	B5	27,512	17,529
Other receivables, deposits and prepayments		25,064	25,932
Contract assets		3,831	4,500
Amount owing by related parties		962	1,230
Short-term investments		56,285	69,216
Current tax assets		203	-
Fixed Deposits with a licensed bank		1,500	6,220
Cash and bank balances		21,343	41,796
		<u>185,650</u>	<u>193,944</u>
<b>TOTAL ASSETS</b>		<b><u>257,319</u></b>	<b><u>240,798</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		188,675	98,318
Merger deficit		(22,033)	(22,033)
Employee share option reserve		10,005	7,730
(Accumulated losses)/Retained profits		(3,492)	17,145
		<u>173,155</u>	<u>101,160</u>
Equity attributable to owners of the Company		173,155	101,160
Non-controlling interests		570	35,879
		<u>173,725</u>	<u>137,039</u>
<b>TOTAL EQUITY</b>		<b><u>173,725</u></b>	<b><u>137,039</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Term loan	B9	617	696
Deferred tax liabilities		3,984	3,995
		<u>4,601</u>	<u>4,691</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		26,212	22,467
Other payables and accruals		24,639	47,930
Contract liabilities		21,114	22,950
Amount owing to a related party		115	391
Term loan	B9	120	117
Current tax liabilities		6,793	5,213
		<u>78,993</u>	<u>99,068</u>
<b>TOTAL LIABILITIES</b>		<b><u>83,594</u></b>	<b><u>103,759</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>257,319</u></b>	<b><u>240,798</u></b>
Net assets per share (RM)		<u>0.25</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.

# HLT GLOBAL BERHAD

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup>

	← Non-Distributable →			Distributable			
	Share Capital RM'000	Merger Deficit RM'000	Employee Share Option Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity 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	-	-	-	23,817	23,817	9,907	33,724
Contributions by and distribution to owners of the Company:							
Issuance of ordinary shares pursuant to:							
- Acquisition of a subsidiary	90,000	-	-	(44,184)	45,816	(45,816)	-
- Share issuance expenses	-	-	-	(270)	(270)	-	(270)
- ESOS exercised	298	-	(129)	-	169	-	169
- Warrants exercised	59	-	-	-	59	-	59
Acquisition of a subsidiary	-	-	-	-	-	600	600
Share options to employees	-	-	2,404	-	2,404	-	2,404
Total transactions with owners	90,357	-	2,275	(44,454)	48,178	(45,216)	2,962
Balance at 30 June 2021	188,675	(22,033)	10,005	(3,492)	173,155	570	173,725

# HLT GLOBAL BERHAD

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup>

	← 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	-	-	-	7,456	7,456	869	8,325
Contributions by and distribution to owners of the Company:							
Issuance of ordinary shares pursuant to:							
- ESOS exercised	175	-	(50)	-	125	-	125
- Warrants	39	-	-	-	39	-	39
ESOS options lapsed	-	-	(3)	3	-	-	-
Total transactions with owners	214	-	(53)	3	164	-	164
Balance at 30 June 2020	73,679	(22,033)	30	8,680	60,356	22,466	82,822

**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)]  
(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup>

	Unaudited Current year-to-date 30.06.2021 RM'000	Unaudited Preceding year-to-date 30.06.2020 RM'000
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Profit before taxation	45,513	9,314
Adjustments for: -		
Depreciation of property, plant and equipment	3,153	2,267
Depreciation of right-of-use assets	211	168
Fair value loss on short-term investment	5	2
Interest expense	69	39
Share options to employees	2,404	-
Unrealised gain on foreign exchange	(138)	(508)
Dividend income	(517)	(266)
Gain on disposal of plant and equipment	(115)	(130)
Interest income	(1)	(2)
Reversal of impairment loss on trade receivable	-	(2,000)
	<hr/>	<hr/>
Operating profit before working capital changes	50,584	8,884
(Increase)/Decrease in inventories	(21,429)	5,413
(Increase)/Decrease in contract assets	(1,169)	292
(Increase)/Decrease in trade and other receivables	(8,927)	18,502
(Decrease)/Increase in trade and other payables	(19,644)	2,790
Decrease in amount owing by related parties	4	7,673
	<hr/>	<hr/>
CASH (FOR)/FROM OPERATIONS	(581)	43,554
Income tax paid	(10,423)	(340)
Interest received	1	2
Interest paid	(69)	(39)
	<hr/>	<hr/>
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	(11,072)	43,177
	<hr/>	<hr/>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	600	-
Dividend received	512	264
Payment of share issuance transaction cost	(270)	-
Purchase of property, plant and equipment	(28,178)	(1,053)
Placement of fixed deposit with tenure more than 3 months	(1,500)	-
Proceed from disposal of plant and equipment	115	130
	<hr/>	<hr/>
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(28,721)	(659)
	<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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup> (CONT'D)

	Unaudited Current year-to-date 30.06.2021 RM'000	Unaudited Preceding year-to-date 30.06.2020 RM'000
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Proceeds from conversion of warrants	59	39
Proceeds from exercise of ESOS	168	125
Repayment of term loans	(75)	(813)
Repayment of lease liability	-	(312)
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>	<b>152</b>	<b>(961)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(39,641)</b>	<b>41,557</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	<b>37</b>	<b>146</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>117,232</b>	<b>21,464</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>77,628</b>	<b>63,167</b>
Cash and cash equivalents comprise the following:		
- Fixed deposit with a licensed bank	1,500	-
- Short-term investments	56,285	28,494
- Cash and bank balances	21,343	34,673
	79,128	63,167
Less: Fixed deposit with tenure of more than 3 months	(1,500)	-
	77,628	63,167

### 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.

***The rest of this page is intentionally left blank***

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 6-month period ended 30 June 2021, 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:-

<b>MFRSs (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
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
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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**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.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021

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

**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 6-month period ended 30 June 2021, the Company has issued new ordinary shares as follows:-

	<b>Issue Price</b>	<b>No. of Shares</b>
Exercise of ESOS options	RM0.30	60,000
Exercise of ESOS options	RM0.70	214,500
Exercise of Warrants	RM0.20	297,000
Acquisition of HL Rubber Industries Sdn. Bhd.	RM1.00	90,000,000

As at 30 June 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 four (4) main reportable segments as follows:-

<b>No</b>	<b>Business segments</b>	<b>Principal activities</b>
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
4.	Others	: investment property

***The rest of this page is intentionally left blank***

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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	Others RM’000	Consolidation adjustments RM’000	Consolidated RM’000
<b>Current year-to-date 30.06.2021</b>						
External Revenue	49,647	140,050	-	-	-	189,697
Inter-segment Revenue	59	-	-	-	(59)	-
	49,706	140,050	-	-	(59)	189,697
<b>Segment result</b>						
Profit from operation	4,567	40,856	(2,519)	(193)	(630)	42,081
Depreciation	258	3,032	-	43	31	3,364
Finance costs	69	-	-	-	-	69
Interest income	(1)	-	-	-	-	(1)
Profit/(Loss) before taxation	4,893	43,888	(2,519)	(150)	(599)	45,513
Tax expense						(11,789)
Profit after taxation						33,724
Attributable to:						
Owners of the Company						23,817
Non-controlling interest						9,907
Profit for the period						33,724
Segment assets	69,865	136,482	171,072	28,083	(150,968)	254,534
Goodwill	-	-	-	-	2,785	2,785
Segment liabilities	56,871	29,563	461	25,233	(28,534)	83,594

*The rest of this page is intentionally left blank*

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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
<b>Current year-to-date 30.06.2020</b>					
External Revenue	26,848	50,146	-	-	76,994
Inter-segment Revenue	540	-	3,800	(4,340)	-
	27,388	50,146	3,800	(4,340)	76,994
<b>Segment result</b>					
Profit from operation	7,776	9,802	3,633	(14,368)	6,843
Depreciation	270	2,132	-	32	2,434
Finance costs	6	33	-	-	39
Interest income	(2)	-	-	-	(2)
Profit before taxation	8,050	11,967	3,633	(14,336)	9,314
Tax expense					(989)
Profit after taxation					8,325
Attributable to:					
Owners of the Company					7,456
Non-controlling interest					869
Profit for the period					8,325
Segment assets	47,128	62,584	76,651	(57,683)	128,680
Goodwill	-	-	-	2,785	2,785
Segment liabilities	39,406	18,794	317	(9,874)	48,643

*The rest of this page is intentionally left blank*

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 30.06.2021 RM’000	Unaudited Preceding year quarter 30.06.2020 RM’000	Unaudited Current year-to- date 30.06.2021 RM’000	Unaudited Preceding year-to- date 30.06.2020 RM’000
Domestic	25,679	17,698	64,177	25,917
Overseas	50,863	33,164	125,520	51,077
	76,542	50,862	189,697	76,994

**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**

Save as disclosed below, there were no other material changes in the composition of the Group for the current financial quarter under review.

- a) On 5 April 2021, the Group completed the proposed acquisition of 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. The Group has assessed and recognised HLRI as a wholly-owned subsidiary of the Group.
- b) On 19 April 2021, the Group subscribed 2,400,000 ordinary shares at an issue price of RM1.00 each in the share capital of Triple Care Gloves Sdn. Bhd. (“TCG”) representing 80% of issued share capital of TCG, for a total cash consideration of RM2,400,000. The principal activity of TCG is investment property. The Group has assessed and recognised TCG as a subsidiary of the Group.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 30.06.2021 RM’000	Audited As at 31.12.2020 RM’000
Bank guarantee extended by subsidiaries to third parties	2,054	910

A14. Capital commitments

The capital commitment in respect of property, plant and equipment as at the end of the current financial quarter as follows:-

	Unaudited As at 30.06.2021 RM’000	Audited As at 31.12.2020 RM’000
Purchase of property, plant and equipment	35,786	1,008

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 30 June 2021 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 30.06.2021 RM’000	Unaudited Preceding year quarter 30.06.2020 RM’000	Unaudited Current year-to- date 30.06.2021 RM’000	Unaudited Preceding year-to- date 30.06.2020 RM’000
Sales of rubber gloves	-	(4,398)	(693)	(13,978)
Sales of glove-dipping machines	(363)	(539)	(363)	(3,481)
Purchase of wood pellets	1,009	259	2,501	724
Legal and advisory fee	9	-	18	-

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.

***The rest of this page is intentionally left blank***

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021

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 30.06.2021 RM'000	Unaudited Preceding year quarter 30.06.2020 RM'000	Changes		Unaudited Current year-to-date 30.06.2021 RM'000	Unaudited Preceding year- to-date 30.06.2020 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	76,542	50,862	25,680	50.49	189,697	76,994	112,703	146.38
Gross profit	21,388	11,351	10,037	88.42	58,521	12,241	46,280	378.07
Profit before taxation	16,045	7,140	8,905	124.72	45,513	9,314	36,199	388.65
Profit after taxation	11,650	6,301	5,349	84.89	33,724	8,325	25,399	305.09
<b>Revenue</b>								
Glove-Dipping Lines	26,311	18,003	8,308	46.15	49,647	26,848	22,799	84.92
Rubber Gloves	50,231	32,859	17,372	52.87	140,050	50,146	89,904	179.28
Corporate	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
	76,542	50,862	25,680	50.49	189,697	76,994	112,704	146.38
<b>Gross profit</b>								
Glove-Dipping Lines	4,129	5,044	(915)	(18.14)	7,350	7,193	157	2.18
Rubber Gloves	17,259	6,307	10,952	173.65	51,171	5,048	46,123	913.69
Corporate	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
	21,388	11,351	10,037	88.42	58,521	12,241	46,280	378.07
<b>Profit/(Loss) before taxation</b>								
Glove-Dipping Lines	2,752	4,024	(1,272)	(31.61)	4,834	7,519	(2,685)	(35.71)
Rubber Gloves	14,932	3,234	11,698	361.72	43,916	1,962	41,954	2,138.33
Corporate	(1,489)	(118)	(1,371)	1,161.86	(3,087)	(167)	(2,920)	1,748.50
Others	(150)	-	(150)	100.00	(150)	-	(150)	100.00
	16,045	7,140	8,905	124.72	45,513	9,314	36,199	388.65

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021**

**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance (Cont'd)**

For the current financial quarter under review, the Group recorded revenue of RM76.542 million, an increase of 50.49% as compared to RM50.862 million in the preceding year quarter. An increase of RM25.680 million in revenue was mainly attributable to the increase in revenue from both glove-dipping lines and rubber glove segments.

The Group recorded revenue of RM189.697 million for the financial period ended 30 June 2021 ("FPE 2021"), an increase of 146.38% as compared to previous financial period ended 30 June 2020 ("FPE 2020"). An increase of RM112.703 million in revenue was mainly attributable to the increase in revenue from both glove-dipping lines and rubber gloves segments.

The Group recorded gross profit of RM21.388 million with a gross profit margin of 27.94% as compared to gross profit of RM11.351 million with gross profit margin of 22.32% in the preceding year quarter. For FPE 2021, the Group recorded gross profit of RM58.521 million with gross profit margin of 30.85% as compared to gross profit of RM12.241 million with gross profit margin of 15.90% for FPE 2020. Better performance from rubber gloves segments has contributed to the increase in the gross profit and gross profit margin.

The Group incurred RM5.343 million in operating expenses, an increase of RM1.232 million compared to preceding year quarter. The increase in the operating expenses mainly due to fair value recognition of Employees Share Option Scheme in this quarter.

Glove-Dipping Lines

The glove-dipping lines segment managed to achieve revenue of RM26.311 million, an increase of 46.15% as compared to RM18.003 million in the preceding year quarter. For the FPE 2021, the glove-dipping lines segment recorded revenue of RM49.647 million, an increase of 84.92% as compared to RM26.848 million. 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 RM48.418 million from four new 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 RM31.685 million or 63.82% of the glove-dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM4.129 million with a gross profit margin of 15.69% as compared to a gross profit of RM5.044 million with gross profit margin of 28.02% in the preceding year quarter. For FPE 2021, the glove-dipping lines segment recorded gross profit of RM7.350 million with gross profit margin of 14.80% as compared to gross profit of RM7.193 million with gross profit margin of 26.79%.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021**

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

**B1. Review of performance (Cont'd)**

The glove-dipping lines segment recorded a lower profit before taxation of RM2.752 million as compared to a profit before taxation of RM4.024 million in the preceding year quarter and lower profit before taxation of 4.834 million as compared to a profit before taxation of RM7.519 million in the FPE 2020. The lower profit before tax was attributable to the increase in staff cost in FPE 2021 and higher other income recognised in FPE 2020 due to reversal of impairment loss on a trade debtor.

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 RM50.231 million, an increase of 52.87% as compared to RM32.859 million in the preceding year quarter. For the FPE 2021, the rubber gloves segment recorded revenue of RM140.050 million, an increase of 179.28% as compared to RM50.146 million in the FPE 2020. Export sales contributed 76.80% of the total revenue of rubber gloves segment. The export market mainly consists of United States of America, Hong Kong, Japan, Singapore, Australia and China.

The rubber gloves segment recorded a gross profit of RM17.259 million with a gross profit margin of 34.36% as compared to a gross profit of RM6.307 million with gross profit margin of 19.19% in the preceding year quarter. For FPE 2021, the rubber gloves segment recorded gross profit of RM51.171 million with gross profit margin of 36.54% as compared to gross profit of RM5.048 million with gross profit margin of 10.07%. 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 higher profit before taxation of RM14.932 million as compared to a profit before taxation of RM3.234 million in the preceding year quarter. For FPE 2021, the rubber gloves segment recorded higher profit before taxation of RM43.916 million as compared to profit before taxation of RM1.962 million in the FPE 2020.

Corporate

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

Others

Others segment represents the investment property company. No revenue was contributed by the investment property company.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021

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

**B2. Comparison with immediate preceding quarter's results**

	<b>Unaudited Current Quarter 30.06.2021 RM'000</b>	<b>Unaudited Preceding Quarter 31.03.2021 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	76,542	113,155	(36,613)	(32.36)
Profit before taxation	16,045	29,468	(13,423)	(45.55)
<b>Revenue</b>				
Glove-Dipping Lines	26,311	23,336	2,975	12.75
Rubber Gloves	50,231	89,819	(39,588)	(44.08)
Corporate	-	-	-	-
Others	-	-	-	-
	<u>76,542</u>	<u>113,155</u>	<u>(36,613)</u>	<u>(32.36)</u>
<b>Profit/(Loss) before taxation</b>				
Glove-Dipping Lines	2,752	2,082	670	32.18
Rubber Gloves	14,932	28,984	(14,052)	(48.48)
Corporate	(1,489)	(1,598)	109	(6.82)
Others	(150)	-	(150)	100.00
	<u>16,045</u>	<u>29,468</u>	<u>(13,423)</u>	<u>(45.55)</u>

The Group's revenue for the current quarter has decreased by RM36.613 million or 32.36% to RM76.542 million as compared to RM113.155 million in the preceding quarter. The decrease in revenue was attributable to lower revenue generated from rubber gloves segments. This was due to lower sales volumes which caused by temporary stoppage of HLRI from 26 May 2021 to 8 June 2021, logistic issues and increase market competition in the glove industry. Meanwhile, the profit before taxation decreases by 45.55% to RM16.045 million as compare to RM29.468 million in the preceding quarter. The decrease was mainly due to decline in average selling price of rubber gloves in current quarter and higher cost due to the pandemic.

**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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 30.06.2021 RM'000	Unaudited Preceding year quarter 30.06.2020 RM'000	Unaudited Current year-to- date 30.06.2021 RM'000	Unaudited Preceding year-to- date 30.06.2020 RM'000
Current tax expense	4,400	844	11,800	1,000
Deferred taxation	(5)	(5)	(11)	(11)
	<u>4,395</u>	<u>839</u>	<u>11,789</u>	<u>989</u>

**B5. Trade receivables**

	Unaudited As at 30.06.2021 RM'000	Audited As at 31.12.2020 RM'000
Trade receivables	46,062	36,075
Allowance for impairment losses	(18,550)	(18,546)
	<u>27,512</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 30 June/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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 18 August 2021, the Board of Directors of the Company announced the private placement has lapsed as the approval from Bursa Malaysia Securities Berhad for the extension of time to implement the Private Placement is up to 18 August 2021.

Proposed Acquisition

- a) On 11 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.

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: -

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

(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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 30 June 2021 are as follows:-

	<b>Unaudited As at 30.06.2021 RM'000</b>	<b>Audited As at 31.12.2020 RM'000</b>
<b>Term loan:</b>		
Current	120	117
Non-current	617	696
	<u>737</u>	<u>813</u>

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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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:

	<b>Unaudited Current year quarter 30.06.2021</b>	<b>Unaudited Current year-to-date 30.06.2021</b>
Profit after taxation attributable to owners of the Company (RM'000)	11,680	23,817
<b><u>Basic</u></b>		
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:		
- Acquisition of subsidiary	86,044	43,260
- ESOS options	167	126
- Warrants	239	239
Weighted average number of ordinary shares for the financial period	702,996	660,171
Basic EPS (sen)	1.66	3.61
<b><u>Diluted</u></b>		
Weighted average number of ordinary shares in issue ('000)	702,996	660,171
Weighted average number of ordinary shares under ESOS options and warrants ('000)	81,541	81,511
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	784,537	741,682
Diluted EPS (sen)	1.49	3.21

*The rest of this page is intentionally left blank*

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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): -

	<b>Unaudited Current year quarter 30.06.2021 RM'000</b>	<b>Unaudited Current year-to-date 30.06.2021 RM'000</b>
Depreciation of property, plant and equipment	1,631	3,153
Depreciation of right-of-use assets	127	211
Share options expenses	1,202	2,404
Interest expense	69	69
Realised loss on foreign exchange	209	174
Unrealised loss/(gain) on foreign exchange	208	(138)
Gain on disposal of plant and equipment	(115)	(115)
Fair value loss on short-term investment	5	5
Interest income	-	(1)
Dividend income	(169)	(517)
Rental Income	(1)	(3)

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*