



HLT GLOBAL BERHAD

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

Year 2021

Quarterly Announcement

For the Third Quarter Ended 30 September 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 30.09.2021 RM'000	Unaudited Preceding year quarter 30.09.2020 RM'000	Unaudited Current year- to-date 30.09.2021 RM'000	Unaudited Preceding year- to-date 30.09.2020 RM'000
Revenue	A9	50,602	70,264	240,299	147,258
Cost of sales		(39,223)	(47,194)	(170,399)	(111,947)
Gross profit		11,379	23,070	69,900	35,311
Other operating income		906	5	4,037	3,126
Selling and distribution expenses		(1,075)	(3,348)	(7,956)	(5,916)
Administrative and other expenses		(3,846)	(8,286)	(13,035)	(11,727)
Finance costs		-	-	(69)	(39)
Profit before taxation		7,364	11,441	52,877	20,755
Income tax expense	B4	(1,335)	(4,058)	(13,124)	(5,047)
Profit after taxation		6,029	7,383	39,753	15,708
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		6,029	7,383	39,753	15,708
Profit after taxation attributable to:					
- Owners of the Company		6,103	2,362	29,920	9,818
- Non-controlling interests		(74)	5,021	9,833	5,890
		6,029	7,383	39,753	15,708
Total comprehensive income attributable to:					
- Owners of the Company		6,103	2,362	29,920	9,818
- Non-controlling interests		(74)	5,021	9,833	5,890
		6,029	7,383	39,753	15,708
Earnings per share (sen):					
- Basic	B12	0.99	0.45	4.43	1.87
- Diluted	B12	0.89	0.38	3.96	1.60

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)]
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021⁽¹⁾

	Note	Unaudited As at 30.09.2021 RM'000	Audited As at 31.12.2020 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		34,315	27,099
Right-of-use assets		52,241	16,970
Goodwill		2,785	2,785
		<u>89,341</u>	<u>46,854</u>
CURRENT ASSETS			
Inventories		69,915	27,521
Trade receivables	B5	23,141	17,529
Other receivables, deposits and prepayments		19,658	25,932
Contract assets		12,147	4,500
Amount owing by related parties		32	1,230
Short-term investments		28,462	69,216
Current tax assets		253	-
Fixed deposits with a licensed bank		1,532	6,220
Cash and bank balances		9,649	41,796
		<u>164,789</u>	<u>193,944</u>
TOTAL ASSETS		<u>254,130</u>	<u>240,798</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		188,688	98,318
Merger deficit		(22,033)	(22,033)
Employee share option reserve		10,336	7,730
Retained profits		2,612	17,145
		<u>179,603</u>	<u>101,160</u>
Equity attributable to owners of the Company		179,603	101,160
Non-controlling interests		495	35,879
		<u>180,098</u>	<u>137,039</u>
NON-CURRENT LIABILITIES			
Term loan	B9	578	696
Deferred tax liabilities		3,620	3,995
		<u>4,198</u>	<u>4,691</u>
CURRENT LIABILITIES			
Trade payables		37,562	22,467
Other payables and accruals		18,196	47,930
Contract liabilities		10,801	22,950
Amount owing to a related party		88	391
Term loan	B9	122	117
Current tax liabilities		3,065	5,213
		<u>69,834</u>	<u>99,068</u>
TOTAL LIABILITIES		<u>74,032</u>	<u>103,759</u>
TOTAL EQUITY AND LIABILITIES		<u>254,130</u>	<u>240,798</u>
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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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	-	-	-	29,920	29,920	9,833	39,753
Contributions by and distribution to owners of the Company:							
Issuance of ordinary shares pursuant to:							
- Acquisition of a subsidiary	90,000	-	-	(44,183)	45,817	(45,817)	-
- Share issuance expenses	-	-	-	(270)	(270)	-	(270)
- ESOS exercised	298	-	(129)	-	169	-	169
- Warrants exercised	72	-	-	-	72	-	72
Acquisition of a subsidiary	-	-	-	-	-	600	600
Share options to employees	-	-	2,735	-	2,735	-	2,735
Total transactions with owners	90,370	-	2,606	(44,453)	48,523	(45,217)	3,306
Balance at 30 September 2021	188,688	(22,033)	10,336	2,612	179,603	495	180,098

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 2020	73,465	(22,033)	83	1,221	52,736	21,597	74,333
Profit after taxation/Total comprehensive income for the financial period	-	-	-	9,818	9,818	5,890	15,708
Contributions by and distribution to owners of the Company:							
Issuance of ordinary shares pursuant to:							
- ESOS exercised	3,982	-	(1,747)	-	2,235	-	2,235
- Warrants	15,706	-	-	-	15,706	-	15,706
ESOS options lapsed	-	-	(3)	3	-	-	-
Total transactions with owners	19,688	-	(1,750)	3	17,941	-	17,941
Equity-settled share-based payment	-	-	4,902	-	4,902	-	4,902
Balance at 30 September 2020	93,153	(22,033)	3,235	11,042	85,397	27,487	112,884

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾

	Unaudited Current year-to-date 30.09.2021 RM'000	Unaudited Preceding year-to-date 30.09.2020 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	52,877	20,755
Adjustments for: -		
Depreciation of property, plant and equipment	4,833	3,454
Depreciation of right-of-use assets	375	251
Impairment loss on trade receivables	356	132
Fair value gain on short-term investment	(2)	(5)
Interest expense	69	39
Share options to employees	2,735	4,902
Dividend income	(795)	(440)
Gain on disposal of plant and equipment	(115)	(130)
Interest income	(54)	(2)
Unrealised gain on foreign exchange	(367)	(49)
Reversal of impairment loss on trade receivable	-	(2,000)
	<hr/>	<hr/>
Operating profit before working capital changes	59,912	26,907
(Increase)/Decrease in inventories	(42,394)	6,367
Increase in contract assets	(19,795)	(7,704)
Decrease/(Increase) in trade and other receivables	687	(1,880)
(Decrease)/Increase in trade and other payables	(14,670)	22,832
Decrease in amount owing by related parties	884	7,608
	<hr/>	<hr/>
CASH (FOR)/FROM OPERATIONS	(15,376)	54,130
Income tax paid	(15,901)	(690)
Interest received	54	2
Interest paid	(69)	(39)
	<hr/>	<hr/>
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(31,292)	53,403
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	600	-
Dividend received	797	445
Payment of share issuance transaction cost	(270)	-
Purchase of property, plant and equipment	(47,695)	(7,905)
Placement of fixed deposit with tenure more than 3 months	(32)	(1,500)
Proceed from disposal of plant and equipment	115	130
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NET CASH FOR INVESTING ACTIVITIES	(46,485)	(8,830)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 30.09.2021 RM'000	Unaudited Preceding year-to-date 30.09.2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from conversion of warrants	72	15,706
Proceeds from exercise of ESOS	168	2,235
Repayment of term loans	(113)	(851)
Repayment of lease liability	-	(312)
NET CASH FROM FINANCING ACTIVITIES	127	16,778
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(77,650)	61,351
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	29	(48)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	115,732	21,464
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	38,111	82,767
Cash and cash equivalents comprise the following:		
- Fixed deposit with a licensed bank	1,532	1,500
- Short-term investments	28,462	41,975
- Cash and bank balances	9,649	40,792
	39,643	84,267
Less: Fixed deposit with tenure of more than 3 months	(1,532)	(1,500)
	38,111	82,767

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 9-month period ended 30 September 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:-

MFRSs (Including The Consequential Amendments)	Effective Date
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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 9-month period ended 30 September 2021, the Company has issued new ordinary shares as follows:-

	Issue Price	No. of Shares
Exercise of ESOS options	RM0.30	60,000
Exercise of ESOS options	RM0.70	214,500
Exercise of Warrants	RM0.20	362,000
Acquisition of HL Rubber Industries Sdn. Bhd.	RM1.00	90,000,000

As at 30 September 2021, the total number of outstanding warrants was 98,296,048.

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:-

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
4.	Others	: investment property

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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
Current year-to-date 30.09.2021						
External Revenue	82,540	157,759	-	-	-	240,299
Inter-segment Revenue	9,963	-	-	-	(9,963)	-
	92,503	157,759	-	-	(9,963)	240,299
Segment result						
Profit from operation	10,616	42,701	(2,884)	(634)	(2,145)	47,654
Depreciation	415	4,643	-	109	41	5,208
Finance costs	69	-	-	-	-	69
Interest income	(1)	(32)	(21)	-	-	(54)
Profit/(Loss) before taxation	11,099	47,312	(2,905)	(525)	(2,104)	52,877
Tax expense						(13,124)
Profit after taxation						39,753
Attributable to:						
Owners of the Company						29,920
Non-controlling interest						9,833
Profit for the period						39,753
Segment assets	91,547	133,451	170,897	21,435	(165,985)	251,345
Goodwill	-	-	-	-	2,785	2,785
Segment liabilities	73,847	23,308	327	18,960	(42,410)	74,032

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2020					
External Revenue	46,164	101,094	-	-	147,258
Inter-segment Revenue	329	-	3,800	(4,129)	-
	46,493	101,094	3,800	(4,129)	147,258
Segment result					
Profit/(Loss) from operation	9,747	22,922	(1,392)	(14,264)	17,013
Depreciation	372	3,285	-	48	3,705
Finance costs	6	33	-	-	39
Interest income	(2)	-	-	-	(2)
Profit before taxation	10,123	26,240	(1,392)	(14,216)	20,755
Tax expense					(5,047)
Profit before taxation					15,708
Attributable to:					
Owners of the Company					9,818
Non-controlling interest					5,890
Profit for the period					15,708
Segment assets	48,868	89,300	94,787	(57,166)	175,789
Goodwill	-	-	-	2,785	2,785
Segment liabilities	40,039	34,335	836	(9,520)	65,690

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2021 RM’000	Unaudited Preceding year quarter 30.09.2020 RM’000	Unaudited Current year-to- date 30.09.2021 RM’000	Unaudited Preceding year-to- date 30.09.2020 RM’000
Domestic	16,290	32,072	80,467	66,051
Overseas	34,312	38,192	159,832	81,207
	50,602	70,264	240,299	147,258

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 were no other material changes 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2021 RM’000	Audited As at 31.12.2020 RM’000
Bank guarantee extended by subsidiaries to third parties	5,606	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 30.09.2021 RM’000	Audited As at 31.12.2020 RM’000
Purchase of property, plant and equipment	23,197	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 September 2021 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 30.09.2021 RM’000	Unaudited Preceding year quarter 30.09.2020 RM’000	Unaudited Current year-to- date 30.09.2021 RM’000	Unaudited Preceding year-to- date 30.09.2020 RM’000
Sales of rubber gloves	-	(1,382)	(693)	(15,360)
Sales of glove-dipping machines	(709)	(188)	(1,072)	(3,669)
Purchase of wood pellets	313	568	2,814	1,292
Legal and advisory fee	9	12	27	12

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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2021 RM'000	Unaudited Preceding year quarter 30.09.2020 RM'000	Changes		Unaudited Current year-to-date 30.09.2021 RM'000	Unaudited Preceding year- to-date 30.09.2020 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	50,602	70,264	(19,662)	(27.98)	240,299	147,258	93,041	63.18
Gross profit	11,379	23,070	(11,691)	(50.68)	69,900	35,311	34,589	97.96
Profit before taxation	7,364	11,441	(4,077)	(35.63)	52,877	20,755	32,122	154.77
Profit after taxation	6,029	7,383	(1,354)	(18.34)	39,753	15,708	24,045	153.07
Revenue								
Glove-Dipping Lines	32,893	19,316	13,577	70.29	82,540	46,164	36,376	78.80
Rubber Gloves	17,709	50,948	(33,239)	(65.24)	157,759	101,094	56,665	56.05
Corporate	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
	50,602	70,264	(19,662)	(27.98)	240,299	147,258	93,041	63.18
Gross profit								
Glove-Dipping Lines	6,478	3,634	2,844	78.26	13,828	10,827	3,001	27.72
Rubber Gloves	4,901	19,436	(14,535)	(74.78)	56,072	24,484	31,588	129.01
Corporate	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
	11,379	23,070	(11,691)	(50.68)	69,900	35,311	34,589	97.96
Profit/(Loss) before taxation								
Glove-Dipping Lines	4,706	2,195	2,511	114.40	9,541	9,714	(173)	(1.78)
Rubber Gloves	3,418	14,271	(10,853)	(76.05)	47,333	16,233	31,100	191.59
Corporate	(385)	(5,025)	4,640	(92.34)	(3,472)	(5,192)	1,720	(33.13)
Others	(375)	-	(375)	100.00	(525)	-	(525)	100.00
	7,364	11,441	(4,077)	(35.63)	52,877	20,755	32,122	154.77

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 RM50.602 million, decrease of 27.98% as compared to RM70.264 million in the preceding year quarter. The decrease in revenue was mainly attributable to the decline in revenue from rubber gloves segment as compared to corresponding year quarter.

The Group recorded revenue of RM240.299 million for the financial period ended 30 September 2021 ("FPE 2021"), an increase of 63.18% as compared to previous financial period ended 30 September 2020 ("FPE 2020"). An increase of RM93.041 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 RM11.379 million with a gross profit margin of 22.49% as compared to gross profit of RM23.070 million with gross profit margin of 32.83% in the preceding year quarter. For FPE 2021, the Group recorded gross profit of RM69.900 million with gross profit margin of 29.09% as compared to gross profit of RM35.311 million with gross profit margin of 23.98% for FPE 2020. Better performance from rubber gloves segments has contributed to the increase in the gross profit and gross profit margin.

The Group recorded a profit before taxation of RM7.364 million as compared to a profit before taxation of RM11.441 million in the preceding year quarter. The Group incurred RM4.015 million in operating expenses, a decrease of RM7.614 million compared to preceding year quarter. The decrease of RM2.273 million in selling and distribution expenses were mainly due to lesser commission paid for selling of the rubber gloves in this quarter. Whereas the decrease of RM4.441 million of administrative and other expenses were due to fair value recognition of Employees Share Option Scheme granted to directors and employees in the preceding year quarter. For FPE 2021, the Group recorded a higher profit before taxation of RM 52.877 million as compared to profit before taxation of RM20.755 million in FPE 2020.

Glove-Dipping Lines

The glove-dipping lines segment managed to achieve revenue of RM32.893 million, an increase of 70.29% as compared to RM19.316 million in the preceding year quarter. For the FPE 2021, the glove-dipping lines segment recorded revenue of RM82.540 million, an increase of 78.80% as compared to RM46.164 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 RM79.022 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, ten orders are in progress which comprised of four local orders and six foreign orders. Local market contributes significant portion of revenue amounting to RM45.690 million or 55.35% of the glove-dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM6.478 million with a gross profit margin of 19.69% as compared to a gross profit of RM3.634 million with gross profit margin of 18.81% in the preceding year quarter. For FPE 2021, the glove-dipping lines segment recorded gross profit of RM13.828 million with gross profit margin of 16.75% as compared to gross profit of RM10.827 million with gross profit margin of 23.45%.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 higher profit before taxation of RM4.706 million as compared to a profit before taxation of RM2.195 million in the preceding year quarter and lower profit before taxation of RM9.541 million as compared to a profit before taxation of RM9.714 million in the FPE 2020.

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 RM17.709 million, decrease of 65.24% as compared to RM50.948 million in the preceding year quarter. The decrease in the revenue was due to the lower sales volume and average selling price. For the FPE 2021, the rubber gloves segment recorded revenue of RM157.759 million, an increase of 56.05% as compared to RM101.094 million in the FPE 2020. Export sales contributed 77.95% 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 RM4.901 million with a gross profit margin of 27.68% as compared to a gross profit of RM19.436 million with gross profit margin of 38.15% in the preceding year quarter. The decrease in the gross profit and gross profit margin in tandem with the lower sales and higher labour cost. For FPE 2021, the rubber gloves segment recorded gross profit of RM56.072 million with gross profit margin of 35.54% as compared to gross profit of RM24.484 million with gross profit margin of 24.22%. The increase in both gross profit and gross profit margin in FPE 2021 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 lower profit before taxation of RM3.418 million as compared to a profit before taxation of RM14.271 million in the preceding year quarter in tandem with the lower revenue. For FPE 2021, the rubber gloves segment recorded higher profit before taxation of RM47.333 million as compared to profit before taxation of RM16.233 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2021 RM'000	Unaudited Preceding Quarter 30.06.2021 RM'000	Changes RM'000	%
Revenue	50,602	76,542	(25,940)	(33.89)
Profit before taxation	7,364	16,045	(8,681)	(54.10)
Revenue				
Glove-Dipping Lines	32,893	26,311	6,582	25.02
Rubber Gloves	17,709	50,231	(32,522)	(64.74)
Corporate	-	-	-	-
Others	-	-	-	-
	<u>50,602</u>	<u>76,542</u>	<u>(25,940)</u>	<u>(33.89)</u>
Profit/(Loss) before taxation				
Glove-Dipping Lines	4,706	2,752	1,954	71.00
Rubber Gloves	3,418	14,932	(11,514)	(77.11)
Corporate	(385)	(1,489)	1,104	(74.14)
Others	(375)	(150)	(225)	150.00
	<u>7,364</u>	<u>16,045</u>	<u>(8,681)</u>	<u>(54.10)</u>

The Group's revenue for the current quarter has decreased by RM25.940 million or 33.89% to RM50.602 million as compared to RM76.542 million in the preceding quarter. The decrease in revenue was attributable to lower revenue generated from rubber gloves segments and partially offset by the higher revenue generated from glove-dipping lines segment. The lower revenue in rubber gloves segment was due to lower sales volumes back by the normalising global glove demand.

Meanwhile, the profit before taxation decreases by 54.10% to RM7.364 million as compare to RM16.045 million in the preceding quarter. The lower profit before taxation mainly caused by rubber glove segment and it was due to decline in average selling price of rubber gloves in current quarter. However, better performance in glove-dipping line segment has contributed the increase of the profit before taxation by RM1.954 million to RM4.706 million.

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.

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2021 RM'000	Unaudited Preceding year quarter 30.09.2020 RM'000	Unaudited Current year-to- date 30.09.2021 RM'000	Unaudited Preceding year-to- date 30.09.2020 RM'000
Current tax expense	1,700	4,063	13,500	5,063
Deferred taxation	(365)	(5)	(376)	(16)
	<u>1,335</u>	<u>4,058</u>	<u>13,124</u>	<u>5,047</u>

B5. Trade receivables

	Unaudited As at 30.09.2021 RM'000	Audited As at 31.12.2020 RM'000
Trade receivables	42,047	36,075
Allowance for impairment losses	(18,906)	(18,546)
	<u>23,141</u>	<u>17,529</u>
Allowance for impairment losses: -		
At 1 January	(18,546)	(19,031)
Addition during the financial year	(356)	(1,798)
Reversal during the financial period	-	2,282
Exchange rate differences	(4)	1
At 30 September/31 December	<u>(18,906)</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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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.

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. The acquisition was completed on 12 October 2021.

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

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	(17,816)	-

(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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 September 2021 are as follows:-

	Unaudited As at 30.09.2021 RM'000	Audited As at 31.12.2020 RM'000
Term loan:		
Current	122	117
Non-current	578	696
	<hr/> 700 <hr/>	<hr/> 813 <hr/>

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2021	Unaudited Current year-to-date 30.09.2021
Profit after taxation attributable to owners of the Company (RM'000)	6,103	29,920
<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:		
- Acquisition of subsidiary	-	59,011
- ESOS options	-	176
- Warrants	11	262
Weighted average number of ordinary shares for the financial period	616,557	675,995
Basic EPS (sen)	0.99	4.43
<u>Diluted</u>		
Weighted average number of ordinary shares in issue ('000)	616,557	675,995
Weighted average number of ordinary shares under ESOS options and warrants ('000)	71,328	78,779
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	687,885	754,774
Diluted EPS (sen)	0.89	3.96

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2021 RM'000	Unaudited Current year-to-date 30.09.2021 RM'000
Depreciation of property, plant and equipment	1,680	4,833
Depreciation of right-of-use assets	164	375
Share options expenses	331	2,735
Interest expense	-	69
Realised loss on foreign exchange	266	440
Unrealised loss/(gain) on foreign exchange	(229)	(367)
Gain on disposal of plant and equipment	-	(115)
Fair value gain on short-term investment	(7)	(2)
Interest income	(53)	(54)
Dividend income	(278)	(795)
Rental Income	(2)	(5)

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

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