



HLT GLOBAL BERHAD

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

Year 2021

Quarterly Announcement

For the Fourth Quarter Ended 31 December 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 31.12.2021 RM'000	Unaudited Preceding year quarter 31.12.2020 RM'000	Unaudited Current year- to-date 31.12.2021 RM'000	Audited Preceding year- to-date 31.12.2020 RM'000
Revenue	A9	30,016	93,528	270,315	240,786
Cost of sales		(25,266)	(56,147)	(195,665)	(168,094)
Gross profit		4,750	37,381	74,650	72,692
Other operating income		1,706	-	5,175	2,704
Selling and distribution expenses		(473)	(4,375)	(7,861)	(10,291)
Administrative and other expenses		(25,274)	(7,797)	(38,309)	(19,107)
Finance costs		-	-	(69)	(34)
(Loss)/Profit before taxation		(19,291)	25,209	33,586	45,964
Income tax expense	B4	(1,672)	(10,719)	(14,796)	(15,766)
(Loss)/Profit after taxation		(20,963)	14,490	18,790	30,198
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		(20,963)	14,490	18,790	30,198
(Loss)/Profit after taxation attributable to:					
- Owners of the Company		(21,028)	6,098	8,892	15,916
- Non-controlling interests		65	8,392	9,898	14,282
		(20,963)	14,490	18,790	30,198
Total comprehensive (expense)/income attributable to:					
- Owners of the Company		(21,028)	6,098	8,892	15,916
- Non-controlling interests		65	8,392	9,898	14,282
		(20,963)	14,490	18,790	30,198
(Loss)/Earnings per share (sen):					
- Basic	B12	(3.41)	1.12	1.30	2.92
- Diluted	B12	(3.10)	0.97	1.17	2.55

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 31 DECEMBER 2021⁽¹⁾

	Note	Unaudited As at 31.12.2021 RM'000	Audited As at 31.12.2020 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		48,372	27,099
Right-of-use assets		54,646	16,970
Goodwill		2,785	2,785
		<u>105,803</u>	<u>46,854</u>
CURRENT ASSETS			
Inventories		57,678	27,521
Trade receivables	B5	14,290	17,529
Other receivables, deposits and prepayments		8,431	25,932
Contract assets		4,015	4,500
Amount owing by related parties		22	1,230
Short-term investments		10,536	69,216
Fixed deposits with a licensed bank		1,539	6,220
Cash and bank balances		22,517	41,796
		<u>119,028</u>	<u>193,944</u>
TOTAL ASSETS		<u>224,831</u>	<u>240,798</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		188,730	98,318
Merger deficit		(22,033)	(22,033)
Employee share option reserve		9,304	7,730
(Accumulated losses)/ Retained profits		(17,053)	17,145
		<u>158,948</u>	<u>101,160</u>
Equity attributable to owners of the Company		158,948	101,160
Non-controlling interests		561	35,879
TOTAL EQUITY		<u>159,509</u>	<u>137,039</u>
NON-CURRENT LIABILITIES			
Term loan	B9	539	696
Deferred tax liabilities		3,886	3,995
		<u>4,425</u>	<u>4,691</u>
CURRENT LIABILITIES			
Trade payables		30,064	22,467
Other payables and accruals		20,994	47,930
Contract liabilities		8,569	22,950
Amount owing to a related party		7	391
Term loan	B9	124	117
Current tax liabilities		1,139	5,213
		<u>60,897</u>	<u>99,068</u>
TOTAL LIABILITIES		<u>65,322</u>	<u>103,759</u>
TOTAL EQUITY AND LIABILITIES		<u>224,831</u>	<u>240,798</u>
Net assets per share (RM)		<u>0.22</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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾

	← 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 year	-	-	-	8,892	8,892	9,898	18,790
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	114	-	-	-	114	-	114
Acquisition of a subsidiary	-	-	-	-	-	600	600
Share options lapsed	-	-	(1,364)	1,364	-	-	-
Share options to employees	-	-	3,067	-	3,067	-	3,067
Total transactions with owners	90,412	-	1,574	(43,090)	48,896	(45,216)	3,680
Balance at 31 December 2021	188,730	(22,033)	9,304	(17,053)	158,948	561	159,509

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 year	-	-	-	15,916	15,916	14,282	30,198
Contributions by and distribution to owners of the Company:							
Issuance of ordinary shares pursuant to:							
- ESOS exercised	4,766	-	(2,100)	-	2,666	-	2,666
- Warrants	20,087	-	-	-	20,087	-	20,087
Share options lapsed	-	-	(8)	8	-	-	-
Share options to employees	-	-	9,755	-	9,755	-	9,755
Total transactions with owners	24,853	-	7,647	8	32,508	-	32,508
Balance at 31 December 2020	98,318	(22,033)	7,730	17,145	101,160	35,879	137,039

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾

	Unaudited Current year-to-date 31.12.2021 RM'000	Audited Preceding year-to-date 31.12.2020 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	33,586	45,964
Adjustments for: -		
Depreciation of property, plant and equipment	6,620	4,791
Depreciation of right-of-use assets	578	335
Impairment loss on trade receivables	3,005	1,798
Interest expense	69	34
Inventories written down	20,485	-
Share options to employees	3,067	9,755
Unrealised loss on foreign exchange	107	29
Dividend income	(865)	(731)
Fair value gain on short-term investment	(6)	(6)
Gain on disposal of plant and equipment	(120)	(140)
Interest income	(87)	(3)
Reversal of impairment loss:		
- trade receivable	-	(2,282)
- contract assets	-	*
	<hr/>	<hr/>
Operating profit before working capital changes	66,439	59,544
Increase in inventories	(50,641)	(6,735)
(Increase)/decrease in contract assets	(13,897)	8,433
Decrease/(Increase) in trade and other receivables	17,656	(8,614)
(Decrease)/Increase in trade and other payables	(19,374)	40,992
Decrease in amount owing by related parties	824	7,991
	<hr/>	<hr/>
CASH (FOR)/FROM OPERATIONS	1,007	101,611
Income tax paid	(18,980)	(8,208)
Interest received	87	3
Interest paid	(69)	(34)
	<hr/>	<hr/>
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(17,955)	93,372
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	600	-
Dividend received	870	737
Payment of share issuance transaction cost	(270)	-
Placement of fixed deposit with tenure more than 3 months	(39)	(1,500)
Purchase of property, plant and equipment	(66,179)	(19,674)
Proceed from disposal of plant and equipment	152	143
	<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES	(64,866)	(20,294)

*Represent RM 22

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021 ⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 31.12.2021 RM'000	Audited Preceding year-to-date 31.12.2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	283	22,753
Repayment of term loans	(150)	(888)
Repayment of lease liability	-	(312)
NET CASH FROM FINANCING ACTIVITIES	133	21,553
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(82,688)	94,631
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	9	(363)
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	33,053	115,732
Cash and cash equivalents comprise the following:		
- Fixed deposit with a licensed bank	1,539	6,220
- Cash and bank balances	22,517	41,796
- Money market funds	10,536	69,216
	34,592	117,232
Less: Fixed deposit with tenure of more than 3 months	(1,539)	(1,500)
	33,053	115,732

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 financial year ended 31 December 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 financial year ended 31 December 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	572,600
Acquisition of HL Rubber Industries Sdn. Bhd.	RM1.00	90,000,000

As at 31 December 2021, the total number of outstanding warrants was 98,085,448.

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 31.12.2021						
External Revenue	103,914	166,401	-	-	-	270,315
Inter-segment Revenue	12,273	-	-	-	(12,273)	-
	116,187	166,401	-	-	(12,273)	270,315
Segment result						
Profit/(Loss) from operation	12,048	20,453	(12,333)	(349)	6,587	26,406
Depreciation	610	6,399	-	177	12	7,198
Finance costs	69	-	-	-	-	69
Interest income	(33)	(32)	-	(22)	-	(87)
Profit/(Loss) before taxation	12,694	26,820	(12,333)	(194)	6,599	33,586
Tax expense						(14,796)
Profit after taxation						18,790
Attributable to:						
Owners of the Company						8,892
Non-controlling interest						9,898
Profit for the financial year						18,790
Segment assets	84,463	111,010	161,898	25,056	(160,381)	222,046
Goodwill	-	-	-	-	2,785	2,785
Segment liabilities	66,271	21,933	382	22,250	(45,514)	65,322

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 31.12.2020					
External Revenue	68,490	172,296	-	-	240,786
Inter-segment Revenue	417	-	3,800	(4,217)	-
	68,907	172,296	3,800	(4,217)	240,786
Segment result					
Profit/(Loss) from operation	10,812	50,318	(6,241)	(14,082)	40,807
Depreciation	464	4,599	-	63	5,126
Finance costs	6	28	-	-	34
Interest income	(3)	-	-	-	(3)
Profit before taxation	11,279	54,945	(6,241)	(14,019)	45,964
Tax expense					(15,766)
Profit after taxation					30,198
Attributable to:					
Owners of the Company					15,916
Non-controlling interest					14,282
Profit for the financial year					30,198
Segment assets	65,135	133,265	99,130	(59,517)	238,013
Goodwill	-	-	-	2,785	2,785
Segment liabilities	55,834	59,635	361	(12,071)	103,759

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 31.12.2021 RM’000	Unaudited Preceding year quarter 31.12.2020 RM’000	Unaudited Current year-to- date 31.12.2021 RM’000	Audited Preceding year-to- date 31.12.2020 RM’000
Domestic	10,753	37,510	91,221	103,561
Overseas	19,263	56,018	179,094	137,225
	30,016	93,528	270,315	240,786

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 below, 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.

On 11 January 2022, the Board of Directors of the Company announced that the Company is proposing to undertake a Private Placement of new ordinary shares in HLT Global of up to twenty percent (20%) of the total number of issued shares in HLT Global.

On 28 January 2022, Bursa Securities has vide its letter approved the listing and quotation of up to 163,488,319 Placement Shares to be issued pursuant to the Proposed Private Placement, subject to the following conditions: -

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

On 07 Feb 2022, KAF IB announced that the Company has fixed the issue price for the first tranche of the Private Placement comprising 30,000,000 Placement Shares at RM0.405 per Placement Share. The said issue price of RM0.405 per Placement Share represents a discount of approximately 10.00% from the five (5)-day volume weighted average market price of HLT Global Shares up to and including 4 February 2022 of approximately RM0.4500 per HLT Global Share.

As at 14 February 2022, the Company had received payment for 29,000,000 Placement Shares out of the total 30,000,000 Placement Shares and hence, the remaining 1,000,000 Placement Shares will lapse. Depending on the market conditions and the timing of identifying suitable placee(s), the Board of Directors shall fix the issue price for the remaining Placement Shares at a later date.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021

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

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.

A13. Contingent assets and contingent liabilities

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

	Unaudited As at 31.12.2021 RM’000	Audited As at 31.12.2020 RM’000
Bank guarantee extended by subsidiaries to third parties	<u>5,606</u>	<u>910</u>

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 31.12.2021 RM’000	Audited As at 31.12.2020 RM’000
Purchase of property, plant and equipment	<u>15,199</u>	<u>1,008</u>

A15. Related party transactions

The Group’s transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 31 December 2021 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.12.2021 RM’000	Unaudited Preceding year quarter 31.12.2020 RM’000	Unaudited Current year-to- date 31.12.2021 RM’000	Audited Preceding year-to- date 31.12.2020 RM’000
Sales of rubber gloves	-	(714)	(693)	(16,074)
Sales of glove-dipping machines	-	(922)	(1,072)	(4,591)
Purchase of wood pellets	66	1,174	2,880	2,466
Legal and advisory fee	9	22	36	34

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 31.12.2021 RM'000	Unaudited Preceding year quarter 31.12.2020 RM'000	Changes		Unaudited Current year-to-date 31.12.2021 RM'000	Audited Preceding year- to-date 31.12.2020 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	30,016	93,528	(63,512)	(67.91)	270,315	240,786	29,529	12.26
Gross profit	4,750	37,381	(32,631)	(87.29)	74,650	72,692	1,958	2.69
(Loss)/Profit before taxation	(19,291)	25,209	(44,500)	(176.52)	33,586	45,964	(12,378)	(26.93)
(Loss)/Profit after taxation	(20,963)	14,490	(35,453)	(244.67)	18,790	30,198	(11,408)	(37.78)
Revenue								
Glove-Dipping Lines	21,374	22,326	(952)	(4.26)	103,914	68,490	35,424	51.72
Rubber Gloves	8,642	71,202	(62,560)	(87.86)	166,401	172,296	(5,895)	(3.42)
Corporate	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
	30,016	93,528	(63,512)	(67.91)	270,315	240,786	29,529	12.26
Gross profit								
Glove-Dipping Lines	4,496	4,361	135	3.10	18,324	15,188	3,136	20.65
Rubber Gloves	254	33,020	(32,766)	(99.23)	56,326	57,504	(1,178)	(2.05)
Corporate	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
	4,750	37,381	(32,631)	(87.29)	74,650	72,692	1,958	2.69
(Loss)/Profit before taxation								
Glove-Dipping Lines	1,219	1,301	(82)	(6.30)	10,760	11,015	(255)	(2.32)
Rubber Gloves	(20,432)	28,757	(49,189)	(171.05)	26,901	44,990	(18,089)	(40.21)
Corporate	(409)	(4,849)	4,440	(91.57)	(3,881)	(10,041)	6,160	(61.35)
Others	331	-	331	100.00	(194)	-	(194)	(100.00)
	(19,291)	25,209	(44,500)	(176.52)	33,586	45,964	(12,378)	(26.93)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 RM30.016 million, decrease of 67.91% as compared to RM93.528 million in the preceding year quarter. The decrease in revenue was attributable to the decline in revenue from both rubber gloves segment and glove dipping line segment as compared to corresponding year quarter.

The Group recorded revenue of RM270.315 million for the financial year ended 31 December 2021 ("FYE 2021"), an increase of 12.26% as compared to previous financial year ended 31 December 2020 ("FYE 2020"). An increase of RM29.529 million in revenue was mainly attributable to the increase in revenue from glove-dipping lines segment and partially offset by decrease in revenue from rubber gloves segment.

The Group recorded gross profit of RM4.750 million with a gross profit margin of 15.82% as compared to gross profit of RM37.381 million with gross profit margin of 39.97% in the preceding year quarter. The decrease in the gross profit and gross profit margin mainly due to rubber glove segment and it is in tandem with the decrease in sales volume and lower average selling price of gloves. For FYE 2021, the Group recorded gross profit of RM74.650 million with gross profit margin of 27.62% as compared to gross profit of RM72.692 million with gross profit margin of 30.19% for FYE 2020.

The Group recorded a loss before taxation of RM19.291 million as compared to a profit before taxation of RM25.209 million in the preceding year quarter. The Group incurred RM24.041 million in operating expenses, an increase of RM11.869 million compared to preceding year quarter. The decrease of RM3.902 million in selling and distribution expenses were mainly due to decrease in sales commissions paid and costs for carriage outwards for selling of the rubber gloves in tandem to the lower sales volume in this quarter. Whereas the increase of RM17.477 million of administrative and other expenses were mainly due to inventories written down to net realisable value of RM20.485 million in rubber glove segment and decrease in fair value recognition of Employees Share Option Scheme granted to directors and employees in the preceding year quarter. For FYE 2021, the Group recorded a profit before taxation of RM33.586 million as compared to profit before taxation of RM45.964 million in FYE 2020.

Glove-Dipping Lines

The glove-dipping lines segment managed to achieve revenue of RM21.374 million, a slight decrease of 4.26% as compared to RM22.326 million in the preceding year quarter. For the FYE 2021, the glove-dipping lines segment recorded revenue of RM103.914 million, an increase of 51.72% as compared to RM68.490 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 RM98.382 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 RM54.022 million or 51.99% of the glove-dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM4.496 million with a gross profit margin of 21.03% as compared to a gross profit of RM4.361 million with gross profit margin of 19.53% in the preceding year quarter. For FYE 2021, the glove-dipping lines segment recorded gross profit of RM18.324 million with gross profit margin of 17.63% as compared to gross profit of RM15.188 million with gross profit margin of 22.18%.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 profit before taxation of RM1.219 million as compared to a profit before taxation of RM1.301 million in the preceding year quarter and lower profit before taxation of RM10.760 million as compared to a profit before taxation of RM11.015 million in the FYE 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 registered a lower revenue of RM8.642 million, recording a decrease of 87.86% as compared to RM71.202 million in the preceding year quarter. The decrease in the revenue was due to the lower sales volume and average selling price. For the FYE 2021, the rubber gloves segment recorded revenue of RM166.401 million, a decrease of 3.42% as compared to RM172.296 million in the FYE 2020. Export sales contributed 77.65% 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 RM0.254 million with a gross profit margin of 2.94% as compared to a gross profit of RM33.020 million with gross profit margin of 46.38% in the preceding year quarter. The decrease in the gross profit and gross profit margin in tandem with the lower sales and average selling price of gloves. For FYE 2021, the rubber gloves segment recorded gross profit of RM56.326 million with gross profit margin of 33.85% as compared to gross profit of RM57.504 million with gross profit margin of 33.38%.

The rubber gloves segment recorded loss before taxation of RM20.432 million as compared to a profit before taxation of RM28.757 million in the preceding year quarter. For FYE 2021, the rubber gloves segment recorded lower profit before taxation of RM26.901 million as compared to profit before taxation of RM44.990 million in the FYE 2020. The lower profit before taxation was due to inventories written down to net realisable value of RM20.485 million.

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 31.12.2021 RM'000	Unaudited Preceding Quarter 30.09.2021 RM'000	Changes	
			RM'000	%
Revenue	30,016	50,602	(20,586)	(40.68)
(Loss)/Profit before taxation	(19,291)	7,364	(26,655)	(361.96)
Revenue				
Glove-Dipping Lines	21,374	32,893	(11,519)	(35.02)
Rubber Gloves	8,642	17,709	(9,067)	(51.20)
Corporate	-	-	-	-
Others	-	-	-	-
	<u>30,016</u>	<u>50,602</u>	<u>(20,586)</u>	<u>(40.68)</u>
(Loss)/Profit before taxation				
Glove-Dipping Lines	1,219	4,706	(3,487)	(74.10)
Rubber Gloves	(20,432)	3,418	(23,850)	(697.78)
Corporate	(409)	(385)	(24)	6.23
Others	331	(375)	706	(188.27)
	<u>(19,291)</u>	<u>7,364</u>	<u>(26,655)</u>	<u>(361.96)</u>

The Group's revenue for the current quarter has decreased by RM20.586 million or 40.68% to RM30.016 million as compared to RM50.602 million in the preceding quarter. The decrease in revenue was attributable to lower revenue generated from rubber gloves segments and glove-dipping lines segment. The lower revenue in rubber gloves segment was due to lower sales volumes back by the normalising global glove demand. The lower revenue in glove-dipping lines segment was mainly due to there were two projects towards the completion as at 31 December 2021. In addition, the lower revenue in glove dipping line segment were also due to implementation of bubble and seal measure at Thailand sites delay the work progress.

Meanwhile, the loss before taxation of RM19.291 million for the current quarter as compare to profit before taxation of RM7.364 million in the preceding quarter. The lower profit before taxation for glove-dipping lines segment was attributable to lower revenue. The loss before taxation for rubber glove segment was due to decline in average selling price of rubber gloves and inventories written down of RM20.485 million to net realisable value in current quarter.

B3. Commentary on prospects

The long-term 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 31.12.2021 RM'000	Unaudited Preceding year quarter 31.12.2020 RM'000	Unaudited Current year-to- date 31.12.2021 RM'000	Audited Preceding year-to- date 31.12.2020 RM'000
Current tax				
- Current financial period/year	1,368	8,606	14,868	13,669
- Underprovision	38	50	38	50
	1,406	8,656	14,906	13,719
Deferred taxation				
- origination and reversal of temporary differences	400	2,063	24	2,144
- Overprovision	(134)	-	(134)	(97)
	266	2,063	(110)	2,047
	1,672	10,719	14,796	15,766

B5. Trade receivables

	Unaudited As at 31.12.2021 RM'000	Audited As at 31.12.2020 RM'000
Trade receivables	35,845	36,075
Allowance for impairment losses	(21,555)	(18,546)
	14,290	17,529
Allowance for impairment losses: -		
At 1 January	(18,546)	(19,031)
Addition during the financial year	(3,005)	(1,798)
Reversal during the financial period	-	2,282
Exchange rate differences	(4)	1
At 31 December	(21,555)	(18,546)

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

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

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

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

(a) 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.

(b) On 29 November 2021, The Board of Directors announced that the Company has resolved to extend its existing Employee Share Option Scheme ("ESOS") which is expiring on 2 December 2021 for another five (5) years until 2 December 2026, in accordance with the terms of the ESOS By-Laws.

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

The Company was listed on the ACE Market of Bursa Securitise on 10 January 2017, raising gross proceeds of RM17.816 million from the Public Issue.

The Public Issue proceeds have been fully utilised in the previous financial quarter.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 December 2021 are as follows:-

	Unaudited As at 31.12.2021 RM'000	Audited As at 31.12.2020 RM'000
Term loan:		
Current	124	117
Non-current	539	696
	663	813

The term loans are secured and denominated in Ringgit Malaysia.

B10. Material litigation

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

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

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

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

B11. Dividends

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021

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

B12. (Loss)/Earnings per share ("LPS"/ "EPS")

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

	Unaudited Current year quarter 31.12.2021	Unaudited Current year-to-date 31.12.2021
(Loss)/Profit after taxation attributable to owners of the Company (RM'000)	(21,028)	8,892
<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	-	66,822
- ESOS options	-	201
- Warrants	148	325
Weighted average number of ordinary shares for the financial period	616,694	683,894
Basic LPS/ EPS (sen)	(3.41)	1.30
<u>Diluted</u>		
Weighted average number of ordinary shares in issue ('000)	616,694	683,894
Weighted average number of ordinary shares under ESOS options and warrants ('000)	61,344	74,980
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	678,038	758,874
Diluted LPS/ EPS (sen)	(3.10)	1.17

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

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

	Unaudited Current year quarter 31.12.2021 RM'000	Unaudited Current year-to-date 31.12.2021 RM'000
Depreciation of property, plant and equipment	1,787	6,620
Depreciation of right-of-use assets	203	578
Impairment loss on trade receivables	2,649	3,005
Inventories written down	20,485	20,485
Interest expense	-	69
Share options expenses	332	3,067
Unrealised loss on foreign exchange	474	107
Realised gain on foreign exchange	(1,112)	(780)
Gain on disposal of plant and equipment	(5)	(120)
Fair value gain on short-term investment	(4)	(6)
Interest income	(33)	(87)
Dividend income	(70)	(865)
Rental Income	-	(5)

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

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