



HLT GLOBAL BERHAD

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

Year 2022

Quarterly Announcement

For the First Quarter Ended 31 March 2022

HLT GLOBAL BERHAD

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 31.03.2022 RM'000	Unaudited Preceding year quarter 31.03.2021 RM'000	Unaudited Current year- to-date 31.03.2022 RM'000	Unaudited Preceding year- to-date 31.03.2021 RM'000
Revenue	A9	29,883	113,155	29,883	113,155
Cost of sales		(27,502)	(76,022)	(27,502)	(76,022)
Gross profit		2,381	37,133	2,381	37,133
Other operating income		89	1,580	89	1,580
Selling and distribution expenses		(215)	(4,636)	(215)	(4,636)
Administrative and other expenses		(2,698)	(4,609)	(2,698)	(4,609)
Finance costs		-	-	-	-
(Loss)/Profit before taxation		(443)	29,468	(443)	29,468
Income tax expense	B4	(695)	(7,394)	(695)	(7,394)
(Loss)/Profit after taxation		(1,138)	22,074	(1,138)	22,074
Other comprehensive income		-	-	-	-
Total comprehensive (expenses)/income for the financial period		(1,138)	22,074	(1,138)	22,074
(Loss)/Profit after taxation attributable to:					
- Owners of the Company		(1,122)	12,137	(1,122)	12,137
- Non-controlling interests		(16)	9,937	(16)	9,937
		(1,138)	22,074	(1,138)	22,074
Total comprehensive (expenses)/income attributable to:					
- Owners of the Company		(1,122)	12,137	(1,122)	12,137
- Non-controlling interests		(16)	9,937	(16)	9,937
		(1,138)	22,074	(1,138)	22,074
(Loss)/Earnings per share (sen):					
- Basic	B12	(0.16)	1.97	(0.16)	1.97
- Diluted	B12	(0.16)	1.74	(0.16)	1.74

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 2021 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 MARCH 2022⁽¹⁾

	Note	Unaudited As at 31.03.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		52,000	48,561
Right-of-use assets		54,272	54,457
Goodwill		2,785	2,785
		<u>109,057</u>	<u>105,803</u>
CURRENT ASSETS			
Inventories		51,853	57,678
Trade receivables	B5	28,011	14,279
Other receivables, deposits and prepayments		8,390	8,832
Contract assets		2,460	4,016
Amount owing by related parties		22	32
Short-term investments		5,358	10,536
Current tax assets		1,287	-
Fixed deposits with a licensed bank		1,546	1,539
Cash and bank balances		18,319	22,517
		<u>117,246</u>	<u>119,429</u>
TOTAL ASSETS		<u>226,303</u>	<u>225,232</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		200,475	188,730
Merger deficit		(22,033)	(22,033)
Employee share option reserve		9,636	9,304
Accumulated losses		(18,234)	(17,053)
		<u>169,844</u>	<u>158,948</u>
Equity attributable to owners of the Company		169,844	158,948
Non-controlling interests		545	561
		<u>170,389</u>	<u>159,509</u>
TOTAL EQUITY		<u>170,389</u>	<u>159,509</u>
NON-CURRENT LIABILITIES			
Term loan	B9	499	539
Deferred tax liabilities		3,880	3,885
		<u>4,379</u>	<u>4,424</u>
CURRENT LIABILITIES			
Trade payables		25,220	30,465
Other payables and accruals		16,850	20,995
Contract liabilities		8,833	8,569
Amount owing to related parties		-	7
Term loan	B9	125	124
Current tax liabilities		507	1,139
		<u>51,535</u>	<u>61,299</u>
TOTAL LIABILITIES		<u>55,914</u>	<u>65,723</u>
TOTAL EQUITY AND LIABILITIES		<u>226,303</u>	<u>225,232</u>
Net assets per share (RM)		<u>0.24</u>	<u>0.22</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 2021 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾

	← Non-Distributable →			Distributable	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Employee Share Option Reserve RM'000	Accumulated Losses RM'000			
Balance at 1 January 2022	188,730	(22,033)	9,304	(17,053)	158,948	561	159,509
Loss after taxation/Total comprehensive expenses for the financial period	-	-	-	(1,122)	(1,122)	(16)	(1,138)
Contributions by and distribution to owners of the Company:							
- Issuance of ordinary shares pursuant to:							
- Private placement	11,745	-	-	-	11,745	-	11,745
- Private placement expense	-	-	-	(59)	(59)	-	(59)
- Share options to employees	-	-	332	-	332	-	332
Total transactions with owners	11,745	-	332	(59)	12,018	-	12,018
Balance at 31 March 2022	200,475	(22,033)	9,636	(18,234)	169,844	545	170,389

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾

	← Non-Distributable →			Distributable			
	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	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	-	-	-	12,137	12,137	9,937	22,074
Contributions by and distribution to owners of the Company:							
- Issuance of ordinary shares pursuant to:							
- ESOS exercised	125	-	(56)	-	69	-	69
- Warrants exercised	59	-	-	-	59	-	59
- Share options to employees	-	-	1,202	-	1,202	-	1,202
Total transactions with owners	184	-	1,146	-	1,330	-	1,330
Balance at 31 March 2021	98,502	(22,033)	8,876	29,282	114,627	45,816	160,443

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 2021 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾

	Unaudited Current year-to-date 31.03.2022 RM'000	Unaudited Preceding year-to-date 31.03.2021 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(443)	29,468
Adjustments for: -		
Depreciation of property, plant and equipment	1,683	1,522
Depreciation of right-of-use assets	185	84
Share options to employees	332	1,202
Property, plant and equipment written off	3	-
Unrealised gain on foreign exchange	(35)	(346)
Dividend income	(12)	(348)
Fair value gain on short-term investments	(10)	#
Interest income	(30)	(1)
Operating profit before working capital changes	1,673	31,581
Decrease/(Increase) in inventories	5,825	(10,706)
(Increase)/Decrease in trade and other receivables	(13,217)	1,635
Net decrease in amount owing by related parties	3	553
Decrease in trade and other payables	(9,380)	(6,515)
Net increase/(decrease) in contract liabilities	1,820	(2,016)
CASH (FOR)/FROM OPERATIONS	(13,276)	14,532
Income tax paid	(2,939)	(8,639)
Interest received	320	1
Interest paid	23	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(15,872)	5,894
CASH FLOWS FOR INVESTING ACTIVITIES		
Dividend received	22	348
Purchase of property, plant and equipment	(5,124)	(4,679)
Placement of fixed deposit with tenure more than 3 months	-	(1,500)
NET CASH FOR INVESTING ACTIVITIES	(5,102)	(5,831)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 31.03.2022 RM'000	Unaudited Preceding year-to-date 31.03.2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of ordinary shares	11,686	128
Repayment of term loan	(38)	(38)
NET CASH FROM FINANCING ACTIVITIES	11,648	90
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(9,326)	153
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(50)	452
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	33,053	117,232
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	23,677	117,837
Cash and cash equivalents comprise the following:		
- Fixed deposit with a licensed bank	1,546	1,500
- Short-term investments	5,358	79,264
- Cash and bank balances	18,319	38,573
	25,223	119,337
Less: Fixed deposit with tenure of more than 3 months	(1,546)	(1,500)
	23,677	117,837

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 2021 and the accompanying explanatory notes attached to this interim financial report.

#Represents (RM417)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in accounting policies

During the current financial quarter, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

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

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3: Reference to the Conceptual Framework
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020

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

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

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	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 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

A4. Seasonal or cyclical factors

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

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

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

A6. Material changes in estimates

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

A7. Debt and equity securities

During the 3-month period ended 31 March 2022, the Company increased its issued and paid-up share capital from RM 188,730,326 to RM 200,475,326 by way of issuance of 29,000,000 new ordinary shares at an issue price of RM0.405 each for cash, arising from the exercise of a private placement on 14 February 2022.

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

A8. Dividends paid

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

A9. Segmental information

(a) Business Segments

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

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

A9. Segmental information (Cont’d)

(a) Business Segments (Cont’d)

	Glove- Dipping Lines RM’000	Rubber Gloves RM’000	Corporate RM’000	Consolidation adjustments RM’000	Consolidated RM’000
Current year-to-date 31.03.2022					
External Revenue	22,521	7,362	-	-	29,883
Inter-segment Revenue	724	-	-	(724)	-
	<u>23,245</u>	<u>7,362</u>	<u>-</u>	<u>(724)</u>	<u>29,883</u>
Segment result					
Profit/(Loss) from operation	2,988	(4,731)	(476)	(62)	(2,281)
Depreciation	203	1,686	-	(21)	1,868
Interest income	-	(30)	-	-	(30)
Profit/(Loss) before taxation	<u>3,191</u>	<u>(3,075)</u>	<u>(476)</u>	<u>(83)</u>	<u>(443)</u>
Tax expense					(695)
Loss after taxation					<u>(1,138)</u>
Attributable to:					
Owners of the Company					(1,122)
Non-controlling interest					(16)
Loss for the financial period					<u>(1,138)</u>
Segment assets	82,253	139,044	182,341	(180,120)	223,518
Goodwill	-	-	-	2,785	2,785
Segment liabilities	<u>61,570</u>	<u>50,235</u>	<u>263</u>	<u>(56,154)</u>	<u>55,914</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

A9. Segmental information (Cont’d)

(a) Business Segments (Cont’d)

	Glove- Dipping Lines RM’000	Rubber Gloves RM’000	Corporate RM’000	Consolidation adjustments RM’000	Consolidated RM’000
Current year-to-date 31.03.2021					
External Revenue	23,336	89,819	-	-	113,155
Segment result					
Profit/(Loss) from operation	1,965	27,527	(1,598)	(31)	27,863
Depreciation	118	1,472	-	16	1,606
Interest income	(1)	-	-	-	(1)
Profit/(Loss) before taxation	2,082	28,999	(1,598)	(15)	29,468
Tax expense					(7,394)
Profit after taxation					22,074
Attributable to:					
Owners of the Company					12,137
Non-controlling interest					9,937
Profit for the financial period					22,074
Segment assets	73,723	137,270	98,930	(57,099)	252,824
Goodwill	-	-	-	2,785	2,785
Segment liabilities	62,841	41,539	429	(9,643)	95,166

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

A9. Segmental information (Cont’d)

(b) Geographical Information

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2022 RM’000	Unaudited Preceding year quarter 31.03.2021 RM’000	Unaudited Current year-to- date 31.03.2022 RM’000	Unaudited Preceding year-to- date 31.03.2021 RM’000
Domestic	14,724	38,497	14,724	38,497
Overseas	15,159	74,658	15,159	74,658
	29,883	113,155	29,883	113,155

A10. Valuation of property, plant and equipment

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

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

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

A13. Contingent assets and contingent liabilities

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

	Unaudited As at 31.03.2022 RM’000	Audited As at 31.12.2021 RM’000
Bank guarantee extended by subsidiaries to third parties	5,606	5,606

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 31.03.2022 RM’000	Audited As at 31.12.2021 RM’000
Purchase of property, plant and equipment	12,827	17,452

A15. Related party transactions

The Group’s transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 31 March 2022 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2022 RM’000	Unaudited Preceding year quarter 31.03.2021 RM’000	Unaudited Current year-to- date 31.03.2022 RM’000	Unaudited Preceding year-to- date 31.03.2021 RM’000
Sales of rubber gloves	-	(693)	-	(693)
Purchase of wood pellets	122	1,492	122	1,492
Legal and advisory fee	12	9	12	9

At the Annual General Meeting held on 30 May 2022 (“AGM”), shareholders of the Company had approved the proposed renewal of existing shareholder’s mandate and new shareholders’ mandate for recurrent related party transactions of a revenue and/or trading nature from the date of AGM up to the date of next AGM.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

Financial review for current quarter:

	--- Individual Quarter ---			
	Unaudited Current year quarter 31.03.2022 RM'000	Unaudited Preceding year quarter 31.03.2021 RM'000	Changes RM'000 %	
Revenue	29,883	113,155	(83,272)	(73.59)
Gross profit	2,381	37,133	(34,752)	(93.59)
(Loss)/Profit before taxation	(443)	29,468	(29,911)	(101.50)
(Loss)/Profit after taxation	(1,138)	22,074	(23,212)	(105.16)
Revenue				
Glove-Dipping Lines	22,521	23,336	(815)	(3.49)
Rubber Gloves	7,362	89,819	(82,457)	(91.80)
Corporate	-	-	-	-
	29,883	113,155	(83,272)	(73.59)
Gross profit/(loss)				
Glove-Dipping Lines	4,478	3,221	1,257	39.03
Rubber Gloves	(2,097)	33,912	(36,009)	(106.18)
Corporate	-	-	-	-
	2,381	37,133	(34,752)	(93.59)
Profit/(Loss) before taxation				
Glove-Dipping Lines	3,060	2,082	978	46.97
Rubber Gloves	(3,027)	28,984	(32,011)	(110.44)
Corporate	(476)	(1,598)	1,122	(70.21)
	(443)	29,468	(29,911)	(101.50)

For the current financial quarter under review, the Group recorded revenue of RM29.883 million, decrease of 73.59% as compared to RM113.155 million in the preceding year quarter. The decrease in revenue was attributable to the decrease in revenue from both glove-dipping lines and rubber gloves segments.

The Group recorded a gross profit of RM2.381 million with a gross profit margin of 7.97% for the current quarter under review as compared to a gross profit of RM37.133 million with a gross profit margin of 32.82% 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.

The Group incurred RM2.824 million in operating expenses, a decrease of RM4.841 million compared to preceding year quarter. The decrease in the operating expenses mainly due to decrease in commission paid for selling of the rubber gloves and fair value recognition of Employees Share Option Scheme.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

B1. Review of performance (Cont'd)

Glove-Dipping Lines

The glove-dipping lines segment recorded revenue of RM22.521 million, a decrease of 3.49% as compared to RM23.336 million in the preceding year quarter. The revenue mainly contributed from design, fabrication, installation, testing and commissioning of glove-dipping lines segment ("Sale of New Lines") backed by revenue contribution of RM21.066 million from outstanding orders brought forward from the previous financial year. Currently, eight orders are in progress which comprised of three local orders and five foreign orders. Local market and export market contributes 49.83% and 50.17% respectively of the glove-dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM4.478 million with a gross profit margin of 19.88% as compared to a gross profit of RM3.221 million with gross profit margin of 13.80% in the preceding year quarter.

The glove-dipping lines segment recorded a higher profit before taxation of RM3.060 million as compared to a profit before taxation of RM2.082 million in tandem with the increase in gross profit.

Rubber Gloves

HL Rubber Industries Sdn. Bhd. ("HLRI") is principally engaged in the business of manufacturing and trading of rubber gloves. Rubber gloves segment delivered revenue of RM7.362 million, decrease of 91.80% as compared to RM89.819 million in the preceding year quarter. Export sales contributed 52.43% of the total revenue of rubber gloves segment. The export market mainly consists of United States of America and Singapore.

The rubber gloves segment recorded a gross loss of RM2.097 million with gross loss margin of 28.48% as compared to a gross profit of RM33.912 million with gross profit margin 37.76% in the preceding year quarter. The rubber gloves segment recorded a loss before taxation of RM3.027 million as compared to a profit before taxation of RM28.984 million in the preceding year quarter. The significant decrease in both profit and gross profit margin were mainly attributable to lower demand and decrease in average selling price.

Corporate

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

B2. Comparison with immediate preceding quarter's results

	Unaudited Current Quarter 31.03.2022 RM'000	Unaudited Preceding Quarter 31.12.2021 RM'000	Changes RM'000	%
Revenue	29,883	30,016	(133)	(0.44)
Loss before taxation	(443)	(19,291)	18,848	(97.70)
Revenue				
Glove-Dipping Lines	22,521	21,374	1,147	5.37
Rubber Gloves	7,362	8,642	(1,280)	(14.81)
Corporate	-	-	-	-
	29,883	30,016	(133)	(0.44)
Loss/(Profit) before taxation				
Glove-Dipping Lines	3,060	1,219	1,841	151.03
Rubber Gloves	(3,027)	(20,101)	17,074	(84.94)
Corporate	(476)	(409)	(67)	16.38
	(443)	(19,291)	18,848	(97.70)

The Group's revenue for the current quarter has decreased by RM0.133 million or 0.44% to RM29.883 million as compared to RM30.016 million in the preceding quarter. The decrease in revenue was attributable to lower revenue generated from rubber gloves segments partially offset by higher revenue generated from glove-dipping lines segment. Meanwhile, the loss before taxation decreased by 97.70% to RM0.443 million as compared to RM19.291 million in the preceding quarter. The significant decrease was mainly due to inventories written down to the net realisable value in rubber gloves segment in the preceding 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 FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

B4. Income tax expense

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2022 RM'000	Unaudited Preceding year quarter 31.03.2021 RM'000	Unaudited Current year-to- date 31.03.2022 RM'000	Unaudited Preceding year-to- date 31.03.2021 RM'000
Current tax expense	700	7,400	700	7,400
Deferred taxation	(5)	(6)	(5)	(6)
	<u>695</u>	<u>7,394</u>	<u>695</u>	<u>7,394</u>

B5. Trade receivables

	Unaudited As at 31.03.2022 RM'000	Audited As at 31.12.2021 RM'000
Trade receivables	49,567	35,835
Allowance for impairment losses	(21,556)	(21,556)
	<u>28,011</u>	<u>14,279</u>
Allowance for impairment losses: -		
At 1 January	(21,556)	(18,546)
Addition during the financial year	-	(3,005)
Reversal during the financial period	-	-
Exchange Rate differences	-	(5)
At 31 March/31 December	<u>(21,556)</u>	<u>(21,556)</u>

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

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

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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 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 February 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.

B8. Utilisation of proceeds from the Private Placement

The Company had undertaken a private placement exercise pursuant to the 20% of the total number of issued share of HLT Global ("Private Placement"). On 16 February 2022, the Company had placed out 29,000,000 new ordinary shares which raised total proceeds of RM11.745 million.

The details of utilisation of proceeds raised from the Private Placement were as follows:-

Detail of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Time frame for utilisation
1 Business expansion	11,646	5,000	6,646	24 months
2 Working capital for the Group	-	-	-	36 months
3 Estimated expenses in relation to the Private Placement exercise	99	99	-	1 month
Total	11,745	5,099	6,646	

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

B9. Group borrowings and debt securities

Total Group's borrowings as at 31 March 2022 are as follows:-

	Unaudited As at 31.03.2022 RM'000	Audited As at 31.12.2021 RM'000
Term loan:		
Current	125	124
Non-current	499	539
	624	663

The term loans are secured and denominated in Ringgit Malaysia.

B10. Material litigation

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

1. **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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

B10. Material litigation (cont'd)

2. On 15 March 2022, HLA has filed a Writ Summons and Statement of Claim at the High Court of Malaya at Kuala Lumpur against the following parties:-

- (i) WRP Asia Pacific Sdn. Bhd. (1st Defendant")
- (ii) WRP Speciality Products Sdn. Bhd. ("2nd Defendant")
- (iii) Sng Beng Hock Michael ("3rd Defendant")
- (iv) Loong Mei Yin ("4th Defendant"); and
- (v) Abinash Majhi ("5th Defendant").

The circumstances leading to the filing of the Writ Summons and Statement of Claim by HLA is based on, inter alia, the sum of RM16,435,021.71 ("Outstanding Sums") as at 30.11.2018 due and owing by the 1st and 2nd Defendants to HLA for equipment, goods and services provided by HLA to the 1st and 2nd Defendants and the interests on the Outstanding Sums. HLA contends that HLA was requested by the 1st and 2nd Defendants through their director, to enter into a Settlement Agreement whereby Advanced Healthcare Products Sdn Bhd ("AHP") will effect payment of the Outstanding Sums on behalf of the 1st and 2nd Defendants. AHP was, however subsequently wound-up by the High Court of Malaya at Ipoh and the 1st and 2nd Defendants accordingly remain liable to HLA for the Outstanding Sums. HLA also sought for a declaration that the 3rd, 4th and 5th Defendants are guilty of fraudulent trading under Section 540 of the Companies Act 2016 and for the 3rd, 4th and 5th Defendants to be personally liable for the Outstanding Sums, given among others, the involvement of the 3rd, 4th and 5th Defendants in the business of the 1st and 2nd Defendants, and that the 3rd, 4th and 5th Defendants in having first allowed the said Outstanding Sums to be incurred and/or continuing to deny the liability of the 1st and 2nd Defendants for the said Outstanding Sums. Further, HLA also contends that the 3rd and 4th Defendants are guilty of fraudulent trading under Section 540 of the Companies Act 2016 given among others, the following involvements of the 3rd and 4th Defendants in the 3 business of 1st Defendant, 2nd Defendants, Tael Management Co. (Malaysia) Sdn Bhd and Tael Group which HLA contends, are clearly intended to relegate the rights and interests of the creditors of the 2nd Defendant, including HLA: -

- (i) Tael Management Co. (Malaysia) Sdn Bhd, the appointed receiver and manager of the property of the 2nd Defendant;
- (ii) Tael Management Co (Malaysia) Sdn Bhd is part of the Tael Group which is a substantial investor in the 1st Defendant;
- (iii) The 3rd and 4th Defendants are co-founders of the Tael Group;
- (iv) The Notice of Appointment of Receiver of the 2nd Defendant was signed by the 4th Defendant for and on behalf of Tael Management Co (Malaysia) Sdn Bhd pursuant to a purported Debenture dated 3.9.2019.

Apart from the potential costs which may be awarded against HLA and the corresponding legal costs, the Writ Summons and Statement of Claim are not expected to have any other material financial impact on the Group for the financial year ending 31 December 2022.

B11. Dividends

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

B12. Loss per share ("LPS")

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

	Unaudited Current year quarter 31.03.2022	Unaudited Current year-to-date 31.03.2022
Loss after taxation attributable to owners of the Company (RM'000)	(1,122)	(1,122)
Basic		
Weighted average number of ordinary shares in issue ('000): -		
Issued ordinary shares on 1 January	707,393	707,393
Effect of new ordinary shares issued pursuant to:		
- Private Placement	1,418	1,418
Weighted average number of ordinary shares for the financial period	708,811	708,811
Basic LPS (sen)	(0.16)	(0.16)
Diluted LPS (sen) ⁽¹⁾	(0.16)	(0.16)

Note:-

- (1) *The effect of potential ordinary shares arising from the conversion of employee share options and warrant are anti-dilutive and accordingly, they have been ignored the calculation of dilutive loss per share. As a result, the diluted loss per ordinary share is the same as basic loss per share.*

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

	Unaudited Current year quarter 31.03.2022 RM'000	Unaudited Current year-to-date 31.03.2022 RM'000
Depreciation of property, plant and equipment	1,683	1,683
Depreciation of right-of-use assets	85	85
Property, plant and equipment written off	3	3
Share options expense	332	332
Realised gain on foreign exchange	(8)	(8)
Unrealised gain on foreign exchange	(35)	(35)
Fair value gain on short-term investments	(10)	(10)
Interest income	(30)	(30)
Dividend income	(12)	(12)
Rental income	(1)	(1)

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

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