



HLT GLOBAL BERHAD

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

Year 2022

Quarterly Announcement

For the Second Quarter Ended 30 June 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 SECOND (2ND) QUARTER ENDED 30 JUNE 2022⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 30.06.2022 RM'000	Unaudited Preceding year quarter 30.06.2021 RM'000	Unaudited Current year- to-date 30.06.2022 RM'000	Unaudited Preceding year- to-date 30.06.2021 RM'000
Revenue	A9	17,798	76,542	47,681	189,697
Cost of sales		(19,195)	(55,154)	(46,697)	(131,176)
Gross (loss)/profit		(1,397)	21,388	984	58,521
Other operating income		3,061	1,551	3,150	3,131
Selling and distribution expenses		(169)	(2,245)	(384)	(6,881)
Administrative and other expenses		(3,693)	(4,580)	(6,391)	(9,189)
Finance costs		(3)	(69)	(3)	(69)
(Loss)/Profit before taxation		(2,201)	16,045	(2,644)	45,513
Income tax expense	B4	(694)	(4,395)	(1,389)	(11,789)
(Loss)/Profit after taxation		(2,895)	11,650	(4,033)	33,724
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the financial period		(2,895)	11,650	(4,033)	33,724
(Loss)/Profit after taxation attributable to:					
- Owners of the Company		(2,879)	11,680	(4,001)	23,817
- Non-controlling interests		(16)	(30)	(32)	9,907
		(2,895)	11,650	(4,033)	33,724
Total comprehensive (expense)/income attributable to:					
- Owners of the Company		(2,879)	11,680	(4,001)	23,817
- Non-controlling interests		(16)	(30)	(32)	9,907
		(2,895)	11,650	(4,033)	33,724
(Loss)/Earnings per share (sen):					
- Basic	B12	(0.41)	1.66	(0.56)	3.61
- Diluted	B12	(0.41)	1.49	(0.56)	3.21

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 30 JUNE 2022⁽¹⁾

	Note	Unaudited As at 30.06.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		62,074	48,561
Right-of-use assets		54,087	54,457
Goodwill		2,785	2,785
		<u>118,946</u>	<u>105,803</u>
CURRENT ASSETS			
Inventories		51,463	57,678
Trade receivables	B5	20,368	14,279
Other receivables, deposits and prepayments		9,813	8,832
Contract assets		1,542	4,016
Amount owing by related parties		22	32
Short-term investments		3,977	10,536
Current tax assets		2,704	-
Fixed Deposits with a licensed bank		1,553	1,539
Cash and bank balances		60,931	22,517
		<u>152,373</u>	<u>119,429</u>
TOTAL ASSETS		<u>271,319</u>	<u>225,232</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		200,486	188,730
Merger deficit		(22,033)	(22,033)
Employee share option reserve		9,967	9,304
Accumulated losses		(21,113)	(17,053)
		<u>167,307</u>	<u>158,948</u>
Equity attributable to owners of the Company		167,307	158,948
Non-controlling interests		529	561
		<u>167,836</u>	<u>159,509</u>
NON-CURRENT LIABILITIES			
Term loan	B9	460	539
Deferred tax liabilities		3,875	3,885
		<u>4,335</u>	<u>4,424</u>
CURRENT LIABILITIES			
Trade payables		21,015	30,465
Other payables and accruals		19,314	20,995
Contract liabilities		58,174	8,569
Amount owing to related parties		55	7
Term loan	B9	127	124
Current tax liabilities		463	1,139
		<u>99,148</u>	<u>61,299</u>
TOTAL LIABILITIES		<u>103,483</u>	<u>65,723</u>
TOTAL EQUITY AND LIABILITIES		<u>271,319</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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Registration No: [201501038003 (1163324-H)]
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022⁽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	Accumulated Losses RM'000	Attributable to Owners of the Company 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	-	-	-	(4,001)	(4,001)	(32)	(4,033)
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 expenses	-	-	-	(59)	(59)	-	(59)
- Warrants exercised	11	-	-	-	11	-	11
Share options to employees	-	-	663	-	663	-	663
Total transactions with owners	11,756	-	663	(59)	12,360	-	12,360
Balance at 30 June 2022	200,486	(22,033)	9,967	(21,113)	167,307	529	167,836

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022⁽¹⁾

	← Non-Distributable →			Distributable			
	Share Capital	Merger Deficit	Employee Share Option Reserve	Retained Profits/ (Accumulated Losses)	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2021	98,318	(22,033)	7,730	17,145	101,160	35,879	137,039
Profit after taxation/Total comprehensive income for the financial period	-	-	-	23,817	23,817	9,907	33,724
Contributions by and distribution to owners of the Company:							
Issuance of ordinary shares pursuant to:							
- Acquisition of a subsidiary	90,000	-	-	(44,184)	45,816	(45,816)	-
- Share issuance expenses	-	-	-	(270)	(270)	-	(270)
- ESOS exercised	298	-	(129)	-	169	-	169
- Warrants exercised	59	-	-	-	59	-	59
Acquisition of a subsidiary	-	-	-	-	-	600	600
Share options to employees	-	-	2,404	-	2,404	-	2,404
Total transactions with owners	90,357	-	2,275	(44,454)	48,178	(45,216)	2,962
Balance at 30 June 2021	188,675	(22,033)	10,005	(3,492)	173,155	570	173,725

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 SECOND (2ND) QUARTER ENDED 30 JUNE 2022⁽¹⁾

	Unaudited Current year-to-date 30.06.2022 RM'000	Unaudited Preceding year-to-date 30.06.2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(2,644)	45,513
Adjustments for: -		
Depreciation of property, plant and equipment	3,289	3,153
Depreciation of right-of-use assets	369	211
Property, plant and equipment written off	3	-
Interest expense	3	69
Share options to employees	663	2,404
Unrealised gain on foreign exchange	(2,803)	(138)
Dividend income	(24)	(517)
Fair value (gain)/ loss on short-term investment	(19)	5
Gain on disposal of plant and equipment	(95)	(115)
Interest income	(31)	(1)
Operating (loss)/profit before working capital changes	(1,289)	50,584
Decrease/(Increase) in inventories	6,215	(21,429)
Increase in trade and other receivables	(6,748)	(8,927)
Net decrease in amount owing by related parties	-	4
Decrease in trade and other payables	(11,131)	(19,644)
Net Increase/(decrease) in contract liabilities	52,079	(1,169)
Net Increase in amount owing to related parties	58	-
CASH FROM/(FOR) OPERATIONS	39,184	(581)
Income tax paid	(5,099)	(10,423)
Income tax refunded	320	-
Interest received	17	1
Interest paid	(3)	(69)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	34,419	(11,072)
CASH FLOWS FOR INVESTING ACTIVITIES		
Subscription of shares in a subsidiary by non-controlling interests	-	600
Dividend received	43	512
Share issuance expense	-	(270)
Purchase of property, plant and equipment	(16,804)	(28,178)
Placement of fixed deposit with tenure more than 3 months	-	(1,500)
Proceed from disposal of plant and equipment	95	115
NET CASH FOR INVESTING ACTIVITIES	(16,666)	(28,721)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 30.06.2022 RM'000	Unaudited Preceding year-to-date 30.06.2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of ordinary shares	11,697	227
Repayment of term loans	(75)	(75)
NET CASH FROM FINANCING ACTIVITIES	11,622	152
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	29,375	(39,641)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	2,480	37
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	64,908	77,628
Cash and cash equivalents comprise the following:		
- Fixed deposit with a licensed bank	1,553	1,500
- Short-term investments	3,977	56,285
- Cash and bank balances	60,931	21,343
	66,461	79,128
Less: Fixed deposit with tenure of more than 3 months	(1,553)	(1,500)
	64,908	77,628

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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 6-month period ended 30 June 2022, 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.

A4. Seasonal or cyclical factors

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

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

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

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

A6. Material changes in estimates

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

A7. Debt and equity securities

During the 6-month period ended 30 June 2022, the Company has issued new ordinary shares as follows:-

	Issue Price	No. of Shares
Private Placement	RM0.405	29,000,000
Exercise of Warrants	RM0.20	56,500

As at 30 June 2022, the total number of outstanding warrants was 98,028,948.

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 (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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2022					
External Revenue	38,263	9,418	-	-	47,681
Inter-segment Revenue	2,841	-	-	(2,841)	-
	<u>41,104</u>	<u>9,418</u>	<u>-</u>	<u>(2,841)</u>	<u>47,681</u>
Segment result					
Profit/(Loss) from operation	7,575	(12,576)	(945)	(329)	(6,275)
Depreciation	405	3,297	-	(43)	3,659
Finance costs	3	-	-	-	3
Interest income	(16)	(14)	(1)	-	(31)
Profit/(Loss) before taxation	<u>7,967</u>	<u>(9,293)</u>	<u>(946)</u>	<u>(372)</u>	<u>(2,644)</u>
Tax expense					<u>(1,389)</u>
Loss after taxation					<u>(4,033)</u>
Attributable to:					
Owners of the Company					(4,001)
Non-controlling interest					<u>(32)</u>
Loss for the financial period					<u>(4,033)</u>
Segment assets	132,014	141,028	182,332	(186,840)	268,534
Goodwill	-	-	-	2,785	2,785
Segment liabilities	<u>107,254</u>	<u>58,438</u>	<u>382</u>	<u>(62,591)</u>	<u>103,483</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2021					
External Revenue	49,647	140,050	-	-	189,697
Inter-segment Revenue	59	-	-	(59)	-
	49,706	140,050	-	(59)	189,697
Segment result					
Profit/(Loss) from operation	4,567	40,663	(2,519)	(630)	42,081
Depreciation	258	3,075	-	31	3,364
Finance costs	69	-	-	-	69
Interest income	(1)	-	-	-	(1)
Profit/(Loss) before taxation	4,893	43,738	(2,519)	(599)	45,513
Tax expense					(11,789)
Profit after taxation					33,724
Attributable to:					
Owners of the Company					23,817
Non-controlling interest					9,907
Profit for the period					33,724
Segment assets	69,865	164,565	171,072	(150,968)	254,534
Goodwill	-	-	-	2,785	2,785
Segment liabilities	56,871	54,796	461	(28,534)	83,594

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2022 RM’000	Unaudited Preceding year quarter 30.06.2021 RM’000	Unaudited Current year-to- date 30.06.2022 RM’000	Unaudited Preceding year-to- date 30.06.2021 RM’000
Domestic	7,212	25,679	21,936	64,177
Overseas	10,586	50,863	25,745	125,520
	17,798	76,542	47,681	189,697

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 material events subsequent to the end of the current financial quarter under review.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2022 RM’000	Audited As at 31.12.2021 RM’000
Bank guarantee extended by subsidiaries to third parties	<u>4,293</u>	<u>5,606</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 30.06.2022 RM’000	Audited As at 31.12.2021 RM’000
Purchase of property, plant and equipment	<u>9,061</u>	<u>17,452</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 30 June 2022 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 30.06.2022 RM’000	Unaudited Preceding year quarter 30.06.2021 RM’000	Unaudited Current year-to- date 30.06.2022 RM’000	Unaudited Preceding year-to- date 30.06.2021 RM’000
Sales of rubber gloves	-	-	-	(693)
Sales of glove-dipping machines	-	(363)	-	(363)
Purchase of wood pellets	197	1,009	319	2,501
Legal and advisory fee	9	9	21	18

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 SECOND (2ND) QUARTER ENDED 30 JUNE 2022

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

Financial review for current quarter:

	--- Individual Quarter ---				--- Cumulative Quarter ---			
	Unaudited Current year quarter 30.06.2022 RM'000	Unaudited Preceding year quarter 30.06.2021 RM'000	Changes		Unaudited Current year-to-date 30.06.2022 RM'000	Unaudited Preceding year- to-date 30.06.2021 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	17,798	76,542	(58,744)	(76.75)	47,681	189,697	(142,016)	(74.86)
Gross (loss)/profit	(1,397)	21,388	(22,785)	(106.53)	984	58,521	(57,537)	(98.32)
(Loss)/Profit before taxation	(2,201)	16,045	(18,246)	(113.72)	(2,644)	45,513	(48,157)	(105.81)
(Loss)/Profit after taxation	(2,895)	11,650	(14,545)	(124.85)	(4,033)	33,724	(37,757)	(111.96)
Revenue								
Glove-Dipping Lines	15,742	26,311	(10,569)	(40.17)	38,263	49,647	(11,384)	(22.93)
Rubber Gloves	2,056	50,231	(48,175)	(95.91)	9,418	140,050	(130,632)	(93.28)
Corporate	-	-	-	-	-	-	-	-
	17,798	76,542	(58,744)	(76.75)	47,681	189,697	(142,016)	(74.86)
Gross (loss)/profit								
Glove-Dipping Lines	3,035	4,129	(1,094)	(26.50)	7,513	7,350	163	2.22
Rubber Gloves	(4,432)	17,259	(21,691)	(125.68)	(6,529)	51,171	(57,700)	(112.76)
Corporate	-	-	-	-	-	-	-	-
	(1,397)	21,388	(22,785)	(106.53)	984	58,521	(57,537)	(98.32)
(Loss)/Profit before taxation								
Glove-Dipping Lines	4,396	2,752	1,644	59.74	7,456	4,834	2,622	54.24
Rubber Gloves	(6,127)	14,782	(20,909)	(141.45)	(9,154)	43,766	(52,920)	(120.92)
Corporate	(470)	(1,489)	1,019	(68.44)	(946)	(3,087)	2,141	(69.36)
	(2,201)	16,045	(18,246)	(113.72)	(2,644)	45,513	(48,157)	(105.81)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

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 RM17.798 million, a decrease of 76.75% as compared to RM76.542 million in the preceding year quarter. The decrease in revenue was mainly attributable to the decrease in revenue from both glove-dipping lines and rubber glove segments.

The Group recorded revenue of RM47.681 million for the financial period ended 30 June 2022 ("FPE 2022"), decrease of 74.86% as compared to previous financial period ended 30 June 2021 ("FPE 2021"). The decrease of RM142.016 million in revenue was mainly attributable to the decrease in revenue from both glove-dipping lines and rubber gloves segments.

The Group recorded gross loss of RM1.397 million with a gross loss margin of 7.85% as compared to gross profit of RM21.388 million with gross profit margin of 27.94% in the preceding year quarter. For FPE 2022, the Group recorded gross profit of RM0.984 million with gross profit margin of 2.06% as compared to gross profit of RM58.521 million with gross profit margin of 30.85% for FPE 2021. The softer performance was mainly resulting from rubber glove segment.

The Group incurred RM0.804 million in operating expenses, decrease of RM4.539 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 increase in unrealised gain on foreign exchange.

Glove-Dipping Lines

The glove-dipping lines segment recorded revenue of RM15.742 million, decrease of 40.17% as compared to RM26.311 million in the preceding year quarter. For the FPE 2022, the glove-dipping lines segment recorded revenue of RM38.263 million, decrease of 22.93% as compared to RM49.647 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 RM36.730 million from four new orders secured in the year 2022 as well as revenue contribution from outstanding orders brought forward from previous financial year. Currently, eight orders are in progress which comprised of four local orders and four foreign orders. Local market and export market contributes 47.86% and 52.14% respectively of the glove dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM3.035 million with a gross profit margin of 19.28% as compared to a gross profit of RM4.129 million with gross profit margin of 15.69% in the preceding year quarter. For FPE 2022, the glove-dipping lines segment recorded gross profit of RM7.513 million with gross profit margin of 19.64% as compared to gross profit of RM7.350 million with gross profit margin of 14.80%.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

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 RM4.396 million as compared to a profit before taxation of RM2.752 million in the preceding year quarter and higher profit before taxation of RM7.456 million as compared to a profit before taxation of RM4.834 million in the FPE 2021. The higher profit before taxation mainly due to increase in unrealised gain on foreign exchange of RM2.665 million.

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 RM2.056 million, decrease of 95.91% as compared to RM50.231 million in the preceding year quarter. For the FPE 2022, the rubber gloves segment recorded revenue of RM9.418 million, decrease of 93.28% as compared to RM140.050 million in the FPE 2021. Export sales contributed 61.53% of the total revenue of rubber gloves segment. The export market mainly consists of United States of America, Singapore, Taiwan and Netherland.

The rubber gloves segment recorded a gross loss of RM4.432 million with a gross loss margin of 215.56% as compared to a gross profit of RM17.259 million with gross profit margin of 34.36% in the preceding year quarter. For FPE 2022, the rubber gloves segment recorded gross loss of RM6.529 million with gross loss margin of 69.32% as compared to gross profit of RM51.171 million with gross profit margin of 36.54%. The performance of the rubber gloves segment was affected by the slowdown in demand as well as the normalising of average selling price. Furthermore, the increase of minimum wage in Malaysia under the Minimum Wages Order 2022 which came into effect 1 May 2022 drive up the production cost.

The rubber gloves segment recorded loss before taxation of RM6.127 million as compared to a profit before taxation of RM14.782 million in the preceding year quarter. For FPE 2022, the rubber gloves segment recorded loss before taxation of RM9.154 million as compared to profit before taxation of RM43.766 million in the FPE 2021.

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2022 RM'000	Unaudited Preceding Quarter 31.03.2022 RM'000	Changes	
			RM'000	%
Revenue	17,798	29,883	(12,085)	(40.44)
Loss before taxation	(2,201)	(443)	(1,758)	396.84
Revenue				
Glove-Dipping Lines	15,742	22,521	(6,779)	(30.10)
Rubber Gloves	2,056	7,362	(5,306)	(72.07)
Corporate	-	-	-	-
	<u>17,798</u>	<u>29,883</u>	<u>(12,085)</u>	<u>(40.44)</u>
(Loss)/Profit before taxation				
Glove-Dipping Lines	4,396	3,060	1,336	43.66
Rubber Gloves	(6,127)	(3,027)	(3,100)	102.41
Corporate	(470)	(476)	6	(1.26)
	<u>(2,201)</u>	<u>(443)</u>	<u>(1,758)</u>	<u>396.84</u>

The Group's revenue for the current quarter has decreased by RM12.085 million or 40.44% to RM17.798 million as compared to RM29.883 million in the preceding quarter. The decrease in revenue was attributable to lower revenue generated from both glove-dipping lines and rubber gloves segments. Meanwhile, the loss before taxation increase by RM1.758 million to RM2.201 million as compare to RM0.443 million in the preceding quarter. The increase of the loss before taxation mainly attributable to rubber gloves segments. The increase in loss before taxation is in tandem with lower revenue, which result by the lower average selling price and sales volumes as well as low utilisation rate in production capacities.

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2022 RM'000	Unaudited Preceding year quarter 30.06.2021 RM'000	Unaudited Current year-to- date 30.06.2022 RM'000	Unaudited Preceding year-to- date 30.06.2021 RM'000
Current tax expense	700	4,400	1,400	11,800
Deferred taxation	(6)	(5)	(11)	(11)
	694	4,395	1,389	11,789

B5. Trade receivables

	Unaudited As at 30.06.2022 RM'000	Audited As at 31.12.2021 RM'000
Trade receivables	41,924	35,835
Allowance for impairment losses	(21,556)	(21,556)
	20,368	14,279
Allowance for impairment losses: -		
At 1 January	(21,556)	(18,546)
Addition during the financial year	-	(3,005)
Exchange rate differences	-	(5)
At 30 June/31 December	(21,556)	(21,556)

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.

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 15 July 2022, the Board of Director announced that Bursa Securities had vide its letter dated 15 July 2022, decided to grant an extension of time until 28 January 2023 for the Company to implement the Private Placement.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

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

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	11,200	446	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	11,299	446	

B9. Group borrowings and debt securities

Total Group's borrowings as at 30 June 2022 are as follows:-

	Unaudited As at 30.06.2022 RM'000	Audited As at 31.12.2021 RM'000
Term loan:		
Current	127	124
Non-current	460	539
	<u>587</u>	<u>663</u>

The term loans are secured and denominated in Ringgit Malaysia.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

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

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 (“Suit 390”): 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), Wong Kok Wah (“Wong”) (5th Defendant), Lee Soon Khim (“Khim”) (6th Defendant) and Cheong Ah Yoke (“Cheong”) (7th 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.

On 6 October 2020, HLA filed its defence disputing the Plaintiff’s claim.

The Plaintiff’s Statement of Claim was subsequently amended to include Khim and Cheong as the 6th and 7th Defendants respectively. The Plaintiff’s claim sum was also amended to RM 49,954,578.84.

On 30 March 2022, the Court of Appeal struck out the Plaintiff’s claim against both Chan and Wong. On 13 April 2022, the Plaintiff made amendments to its Statement of Claim to remove Chan and Wong as parties to the proceedings.

Presently, Suit 390 has been set down for trial from 9 to 12 January 2023 and 1 to 2 March 2023. The High Court has ordered Suit 390 to be tried together with Kuala Lumpur High Court Civil Suit No.: WA-22NCC-103-03/2022 (“**Suit 103**”).

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

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

B10. Material litigation (cont'd)

2. **Kuala Lumpur High Court Civil Suit No.: WA-22NCC-103-03/2022 ("Suit 103"): HL Advance Technologies (M) Sdn. Bhd. ("HLA") v WRP Asia Pacific Sdn. Bhd. ("1st Defendant"), WRP Specialty Products Sdn. Bhd. ("2nd Defendant"), Sng Beng Hock Michael ("3rd Defendant"), Loong Mei Yin ("4th Defendant") and Abinash Majhi ("5th Defendant")**

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 November 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; and
- (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 September 2019.

On 25 July 2022, the 1st, 3rd, 4th and 5th Defendants filed an application to strike out the Plaintiff's claim. The said application is fixed for hearing on 4 October 2022.

The Court has ordered Suit 103 to be tried together with Kuala Lumpur High Court Civil Suit No.: WA-22NCC-390-08/2020 ("Suit 390") from 9 to 12 January 2023 and 1 to 2 March 2023.

B11. Dividends

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2022	Unaudited Current year-to-date 30.06.2022
Loss after taxation attributable to owners of the Company (RM'000)	(2,879)	(4,001)
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	-	2,163
- Warrants	7	4
Weighted average number of ordinary shares for the financial period	707,400	709,560
Basic LPS (sen)	(0.41)	(0.56)
Diluted LPS (sen) ⁽¹⁾	(0.41)	(0.56)

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2022 RM'000	Unaudited Current year-to-date 30.06.2022 RM'000
Depreciation of property, plant and equipment	1,606	3,289
Depreciation of right-of-use assets	284	369
Property, plant and equipment written off	-	3
Share options expenses	331	663
Interest expense	3	3
Realised gain on foreign exchange	(153)	(161)
Unrealised gain on foreign exchange	(2,768)	(2,803)
Gain on disposal of plant and equipment	(95)	(95)
Fair value gain on short-term investment	(9)	(19)
Interest income	(1)	(31)
Dividend income	(12)	(24)
Rental Income	-	(1)

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

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