



HLT GLOBAL BERHAD

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

Year 2022

Quarterly Announcement

For the Third Quarter Ended 30 September 2022

HLT GLOBAL BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 30.09.2022 RM'000	Unaudited Preceding year quarter 30.09.2021 RM'000	Unaudited Current year- to-date 30.09.2022 RM'000	Unaudited Preceding year- to-date 30.09.2021 RM'000
Revenue	A9	16,884	50,602	64,565	240,299
Cost of sales		(18,648)	(39,223)	(65,345)	(170,399)
Gross (loss)/profit		(1,764)	11,379	(780)	69,900
Other operating income		2,613	906	5,763	4,037
Selling and distribution expenses		(126)	(1,075)	(510)	(7,956)
Administrative and other expenses		(12,648)	(3,846)	(19,039)	(13,035)
Finance costs		(2)	-	(5)	(69)
(Loss)/Profit before taxation		(11,927)	7,364	(14,571)	52,877
Income tax expense	B4	(800)	(1,335)	(2,189)	(13,124)
(Loss)/Profit after taxation		(12,727)	6,029	(16,760)	39,753
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the financial period		(12,727)	6,029	(16,760)	39,753
(Loss)/Profit after taxation attributable to:					
- Owners of the Company		(12,705)	6,103	(16,706)	29,920
- Non-controlling interests		(22)	(74)	(54)	9,833
		(12,727)	6,029	(16,760)	39,753
Total comprehensive (expense)/income attributable to:					
- Owners of the Company		(12,705)	6,103	(16,706)	29,920
- Non-controlling interests		(22)	(74)	(54)	9,833
		(12,727)	6,029	(16,760)	39,753
(Loss)/Earnings per share (sen):					
- Basic	B12	(1.80)	0.99	(2.35)	4.43
- Diluted	B12	(1.80)	0.89	(2.35)	3.96

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 SEPTEMBER 2022⁽¹⁾

	Note	Unaudited As at 30.09.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		71,770	48,561
Right-of-use assets		53,903	54,457
Goodwill		2,785	2,785
		<u>128,458</u>	<u>105,803</u>
CURRENT ASSETS			
Inventories		39,183	57,678
Trade receivables	B5	11,115	14,279
Other receivables, deposits and prepayments		16,543	8,832
Contract assets		913	4,016
Amount owing by related parties		22	32
Short-term investments		3,997	10,536
Current tax assets		2,704	-
Fixed Deposits with a licensed bank		1,561	1,539
Cash and bank balances		55,721	22,517
		<u>131,759</u>	<u>119,429</u>
TOTAL ASSETS		<u>260,217</u>	<u>225,232</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		200,497	188,730
Merger deficit		(22,033)	(22,033)
Employee share option reserve		10,299	9,304
Accumulated losses		(33,818)	(17,053)
		<u>154,945</u>	<u>158,948</u>
Equity attributable to owners of the Company		154,945	158,948
Non-controlling interests		507	561
		<u>155,452</u>	<u>159,509</u>
TOTAL EQUITY		<u>155,452</u>	<u>159,509</u>
NON-CURRENT LIABILITIES			
Term loan	B9	413	539
Deferred tax liabilities		3,869	3,885
		<u>4,282</u>	<u>4,424</u>
CURRENT LIABILITIES			
Trade payables		26,803	30,465
Other payables and accruals		21,510	20,995
Contract liabilities		51,479	8,569
Amount owing to related parties		35	7
Term loan	B9	136	124
Current tax liabilities		520	1,139
		<u>100,483</u>	<u>61,299</u>
TOTAL LIABILITIES		<u>104,765</u>	<u>65,723</u>
TOTAL EQUITY AND LIABILITIES		<u>260,217</u>	<u>225,232</u>
Net assets per share (RM)		<u>0.22</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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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	-	-	-	(16,706)	(16,706)	(54)	(16,760)
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	22	-	-	-	22	-	22
Share options to employees	-	-	995	-	995	-	995
Total transactions with owners	11,767	-	995	(59)	12,703	-	12,703
Balance at 30 September 2022	200,497	(22,033)	10,299	(33,818)	154,945	507	155,452

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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	Retained Profits RM'000	Attributable to Owners of the Company RM'000		
Balance at 1 January 2021	98,318	(22,033)	7,730	17,145	101,160	35,879	137,039
Profit after taxation/Total comprehensive income for the financial period	-	-	-	29,920	29,920	9,833	39,753
Contributions by and distribution to owners of the Company:							
Issuance of ordinary shares pursuant to:							
- Acquisition of a subsidiary	90,000	-	-	(44,183)	45,817	(45,817)	-
- Share issuance expenses	-	-	-	(270)	(270)	-	(270)
- ESOS exercised	298	-	(129)	-	169	-	169
- Warrants exercised	72	-	-	-	72	-	72
Acquisition of a subsidiary	-	-	-	-	-	600	600
Share options to employees	-	-	2,735	-	2,735	-	2,735
Total transactions with owners	90,370	-	2,606	(44,453)	48,523	(45,217)	3,306
Balance at 30 September 2021	188,688	(22,033)	10,336	2,612	179,603	495	180,098

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Unaudited Current year-to-date 30.09.2022 RM'000	Unaudited Preceding year-to-date 30.09.2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(14,571)	52,877
Adjustments for: -		
Depreciation of property, plant and equipment	4,696	4,833
Depreciation of right-of-use assets	554	375
Property, plant and equipment written off	3	-
Impairment loss on trade receivables	1,521	356
Interest expense	5	69
Inventories written down	8,604	-
Share options to employees	995	2,735
Unrealised gain on foreign exchange	(4,963)	(367)
Dividend income	(33)	(795)
Fair value gain on short-term investment	(30)	(2)
Gain on disposal of plant and equipment	(95)	(115)
Interest income	(225)	(54)
Operating (loss)/profit before working capital changes	(3,539)	59,912
Decrease/(Increase) in inventories	9,891	(42,394)
(Increase)/Decrease in trade and other receivables	(6,056)	687
Net increase in contract assets	-	(19,795)
Decrease in trade and other payables	(2,903)	(14,670)
Net Increase in contract liabilities	46,012	-
Net Increase in amount owing to related parties	39	884
CASH FROM/(FOR) OPERATIONS	43,444	(15,376)
Income tax paid	(5,848)	(15,901)
Income tax refunded	320	-
Interest received	203	54
Interest paid	(5)	(69)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	38,114	(31,292)
CASH FLOWS FOR INVESTING ACTIVITIES		
Subscription of shares in a subsidiary by non-controlling interests	-	600
Dividend received	63	797
Share issuance expense	-	(270)
Purchase of property, plant and equipment	(27,907)	(47,695)
Placement of fixed deposit with tenure more than 3 months	-	(32)
Proceed from disposal of plant and equipment	95	115
NET CASH FOR INVESTING ACTIVITIES	(27,749)	(46,485)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 30.09.2022 RM'000	Unaudited Preceding year-to-date 30.09.2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of ordinary shares	11,708	240
Repayment of term loan	(114)	(113)
NET CASH FROM FINANCING ACTIVITIES	11,594	127
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,959	(77,650)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	4,706	29
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	33,053	115,732
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	59,718	38,111
Cash and cash equivalents comprise the following:		
- Fixed deposit with a licensed bank	1,561	1,532
- Short-term investments	3,997	28,462
- Cash and bank balances	55,721	9,649
	61,279	39,643
Less: Fixed deposit with tenure of more than 3 months	(1,561)	(1,532)
	59,718	38,111

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021

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

A1. Basis of preparation

The interim financial report of HLT Global Berhad (“**HLT Global**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”), paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in accounting policies

During the 9-month period ended 30 September 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 9-month period ended 30 September 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	109,600

As at 30 September 2022, the total number of outstanding warrants was 97,975,848.

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2022					
External Revenue	52,939	11,626	-	-	64,565
Inter-segment Revenue	2,905	-	-	(2,905)	-
	<u>55,844</u>	<u>11,626</u>	<u>-</u>	<u>(2,905)</u>	<u>64,565</u>
Segment result					
Profit/(Loss) from operation	10,181	(28,108)	(1,379)	(295)	(19,601)
Depreciation	620	4,696	-	(66)	5,250
Finance costs	5	-	-	-	5
Interest income	(201)	(23)	(1)	-	(225)
Profit/(Loss) before taxation	<u>10,605</u>	<u>(23,435)</u>	<u>(1,380)</u>	<u>(361)</u>	<u>(14,571)</u>
Tax expense					(2,189)
Loss after taxation					<u>(16,760)</u>
Attributable to:					
Owners of the Company					(16,706)
Non-controlling interest					(54)
Loss for the financial period					<u>(16,760)</u>
Segment assets	122,718	139,893	182,163	(187,342)	257,432
Goodwill	-	-	-	2,785	2,785
Segment liabilities	<u>96,119</u>	<u>71,452</u>	<u>305</u>	<u>(63,111)</u>	<u>104,765</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2021					
External Revenue	82,540	157,759	-	-	240,299
Inter-segment Revenue	9,963	-	-	(9,963)	-
	92,503	157,759	-	(9,963)	240,299
Segment result					
Profit from operation	10,616	42,067	(2,884)	(2,145)	47,654
Depreciation	415	4,752	-	41	5,208
Finance costs	69	-	-	-	69
Interest income	(1)	(32)	(21)	-	(54)
Profit/(Loss) before taxation	11,099	46,787	(2,905)	(2,104)	52,877
Tax expense					(13,124)
Profit after taxation					39,753
Attributable to:					
Owners of the Company					29,920
Non-controlling interest					9,833
Profit for the financial period					39,753
Segment assets	91,547	154,886	170,897	(165,985)	251,345
Goodwill	-	-	-	2,785	2,785
Segment liabilities	73,847	42,268	327	(42,410)	74,032

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2022 RM’000	Unaudited Preceding year quarter 30.09.2021 RM’000	Unaudited Current year-to- date 30.09.2022 RM’000	Unaudited Preceding year-to- date 30.09.2021 RM’000
Domestic	6,156	16,290	28,092	80,467
Overseas	10,728	34,312	36,473	159,832
	16,884	50,602	64,565	240,299

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 that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

There were no other material changes in the composition of the Group for the current financial quarter under review.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2022 RM’000	Audited As at 31.12.2021 RM’000
Bank guarantee extended by subsidiaries to third parties	1,343	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 30.09.2022 RM’000	Audited As at 31.12.2021 RM’000
Purchase of property, plant and equipment	10,910	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 30 September 2022 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 30.09.2022 RM’000	Unaudited Preceding year quarter 30.09.2021 RM’000	Unaudited Current year-to- date 30.09.2022 RM’000	Unaudited Preceding year-to- date 30.09.2021 RM’000
Sales of rubber gloves	-	-	-	(693)
Sales of glove-dipping machines	-	(709)	-	(1,072)
Purchase of wood pellets	-	313	319	2,814
Legal and advisory fee	9	9	30	27
Secretarial Services	5	-	5	-

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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2022 RM'000	Unaudited Preceding year quarter 30.09.2021 RM'000	Changes		Unaudited Current year-to-date 30.09.2022 RM'000	Unaudited Preceding year- to-date 30.09.2021 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	16,884	50,602	(33,718)	(66.63)	64,565	240,299	(175,734)	(73.13)
Gross (loss)/profit	(1,764)	11,379	(13,143)	(115.50)	(780)	69,900	(70,680)	(101.12)
(Loss)/Profit before taxation	(11,927)	7,364	(19,291)	(261.96)	(14,571)	52,877	(67,448)	(127.56)
(Loss)/Profit after taxation	(12,727)	6,029	(18,756)	(311.10)	(16,760)	39,753	(56,513)	(142.16)
Revenue								
Glove-Dipping Lines	14,676	32,893	(18,217)	(55.38)	52,939	82,540	(29,601)	(35.86)
Rubber Gloves	2,208	17,709	(15,501)	(87.53)	11,626	157,759	(146,133)	(92.63)
Corporate	-	-	-	-	-	-	-	-
	16,884	50,602	(33,718)	(66.63)	64,565	240,299	(175,734)	(73.13)
Gross (loss)/profit								
Glove-Dipping Lines	3,032	6,478	(3,446)	(53.20)	10,545	13,828	(3,283)	(23.74)
Rubber Gloves	(4,796)	4,901	(9,697)	(197.86)	(11,325)	56,072	(67,397)	(120.20)
Corporate	-	-	-	-	-	-	-	-
	(1,764)	11,379	(13,143)	(115.50)	(780)	69,900	(70,680)	(101.12)
(Loss)/Profit before taxation								
Glove-Dipping Lines	2,627	4,706	(2,079)	(44.18)	10,084	9,541	543	5.69
Rubber Gloves	(14,120)	3,043	(17,163)	(564.02)	(23,275)	46,808	(70,083)	(149.72)
Corporate	(434)	(385)	(49)	12.73	(1,380)	(3,472)	2,092	(60.25)
	(11,927)	7,364	(19,291)	(261.96)	(14,571)	52,877	(67,448)	(127.56)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 RM16.884 million, decrease of 66.63% as compared to RM50.602 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 RM64.565 million for the financial period ended 30 September 2022 ("FPE 2022"), decrease of 73.13% as compared to previous financial period ended 30 September 2021 ("FPE 2021"). The decrease of RM175.734 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 RM1.764 million with a gross loss margin of 10.45% as compared to gross profit of RM11.379 million with gross profit margin of 22.49% in the preceding year quarter. For FPE 2022, the Group recorded gross loss of RM0.780 million with gross loss margin of 1.21% as compared to gross profit of RM69.900 million with gross profit margin of 29.09% for FPE 2021. The softer performance was mainly resulting from rubber glove segment.

The Group incurred RM10.163 million in operating expenses, increase of RM6.148 million compared to preceding year quarter. The increase of RM1.707 million in other income were mainly due to increase in unrealised gain on foreign exchange. The decrease of RM0.949 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 RM8.802 million in the administrative and other expenses were mainly due to inventories written down to net realisable value in rubber glove segment and impairment loss for a trade receivable in glove-dipping line segment.

Glove-Dipping Lines

The glove-dipping lines segment recorded revenue of RM14.676 million, decrease of 55.38% as compared to RM32.893 million in the preceding year quarter. For the FPE 2022, the glove-dipping lines segment recorded revenue of RM52.939 million, decrease of 35.86% as compared to RM82.540 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 RM54.100 million 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 43.57% and 56.43% respectively of the glove dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM3.032 million with a gross profit margin of 20.66% as compared to gross profit of RM6.478 million with a gross profit margin of 19.69% in the preceding year quarter. For FPE 2022, the glove-dipping lines segment recorded gross profit of RM10.545 million with gross profit margin of 19.92% as compared to gross profit of RM13.828 million with gross profit margin of 16.75%.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 lower profit before taxation of RM2.627 million as compared to a profit before taxation of RM4.706 million in the preceding year quarter was mainly due to the impairment loss on a trade receivable. For FPE 2021, the glove-dipping lines segment recorded profit before taxation of RM10.084 million as compared to a profit before taxation of RM9.541 million in the FPE 2021.

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 RM2.208 million, decrease of 87.53% as compared to RM17.709 million in the preceding year quarter. For the FPE 2022, the rubber gloves segment recorded revenue of RM11.626 million, a decrease of 92.63% as compared to RM157.759 million in the FPE 2021. Export sales contributed 56.78% of the total revenue of rubber gloves segment. The export market mainly consists of United States of America, Singapore, Taiwan, Netherlands and Australia.

The rubber gloves segment recorded a gross loss of RM4.796 million with a gross loss margin of 217.21% as compared to a gross profit of RM4.901 million with a gross profit margin of 27.68% in the preceding year quarter. For FPE 2022, the rubber gloves segment recorded gross loss of RM11.325 million with gross loss margin of 97.41% as compared gross profit of RM56.072 million with gross profit margin of 35.54%. 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 RM14.120 million as compared to a profit before taxation of RM3.043 million in the preceding year quarter. For FPE 2022, the rubber gloves segment recorded loss before taxation of RM23.275 million as compared to profit before taxation of RM46.808 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2022 RM'000	Unaudited Preceding Quarter 30.06.2022 RM'000	Changes	
			RM'000	%
Revenue	16,884	17,798	(914)	(5.14)
Loss before taxation	(11,927)	(2,201)	(9,726)	441.89
Revenue				
Glove-Dipping Lines	14,676	15,742	(1,066)	(6.77)
Rubber Gloves	2,208	2,056	152	7.39
Corporate	-	-	-	-
	<u>16,884</u>	<u>17,798</u>	<u>(914)</u>	<u>(5.14)</u>
Loss before taxation				
Glove-Dipping Lines	2,627	4,396	(1,769)	(40.24)
Rubber Gloves	(14,120)	(6,127)	(7,993)	130.46
Corporate	(434)	(470)	36	(7.66)
	<u>(11,927)</u>	<u>(2,201)</u>	<u>(9,726)</u>	<u>441.89</u>

The Group's revenue for the current quarter has decreased by RM0.914 million or 5.14% to RM16.884 million as compared to RM17.798 million in the preceding quarter. The decrease in revenue was attributable to lower revenue generated from glove-dipping lines segment and partially offset by the higher revenue generated from rubber gloves segments.

Meanwhile, the loss before taxation increases by 441.89% to RM11.927 million as compare to RM2.201 million in the preceding quarter. The loss before taxation mainly attributable to rubber gloves segments as the inventories written down to net realisable value of RM8.604 million in current quarter and the lower profit before taxation from glove-dipping lines segment was attributable to impairment loss on a trade receivable.

B3. Commentary on prospects

The rubber glove industry is experiencing the effects of normalisation after delivering exceptionally high earnings over the past two years due to surge in demand for gloves and higher average selling price during the pandemic. The overcapacity from aggressive expansions as well as buyers' excessive stockpiling during the pandemic has led to market supply-demand imbalances and the ongoing intensified market competition.

In view of the increasing challenging business outlook, the group is cautiously optimistic about the prospect for the industry given the expected continued post-pandemic growth in rubber gloves demand over the long-term period. As projected by Malaysian Rubber Glove Manufacturers Association ("MARGMA"), the gloves demand will resume its 10% growth per annum given the various growth drivers, for instance rising hygiene awareness, ageing population and recovery in non-Covid-19 related demand.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2022 RM'000	Unaudited Preceding year quarter 30.09.2021 RM'000	Unaudited Current year-to- date 30.09.2022 RM'000	Unaudited Preceding year-to- date 30.09.2021 RM'000
Current tax expense	805	1,700	2,205	13,500
Deferred taxation	(5)	(365)	(16)	(376)
	<u>800</u>	<u>1,335</u>	<u>2,189</u>	<u>13,124</u>

B5. Trade receivables

	Unaudited As at 30.09.2022 RM'000	Audited As at 31.12.2021 RM'000
Trade receivables	34,192	35,835
Allowance for impairment losses	(23,077)	(21,556)
	<u>11,115</u>	<u>14,279</u>
Allowance for impairment losses: -		
At 1 January	(21,556)	(18,546)
Addition during the financial year	(1,521)	(3,005)
Exchange rate differences	-	(5)
At 30 September/31 December	<u>(23,077)</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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 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.

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	11,646	-	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	11,745	-	

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30 September 2022 are as follows:-

	Unaudited As at 30.09.2022 RM'000	Audited As at 31.12.2021 RM'000
Term loan:		
Current	136	124
Non-current	413	539
	<hr/> 549 <hr/>	<hr/> 663 <hr/>

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.

- 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**").

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 Specialty 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 ("Application") for the following orders:-

1. that the Statement of Claim be struck out;
2. alternative, that the claim against the 1st, 3rd, 4th and 5th Defendants be struck out;
3. consequent to the order made upon prayers 1 and/or 2 above, HLA's action against the 1st, 3rd, 4th and 5th Defendants stand dismissed;
4. such further and/or other orders and/or relief as this Honourable Court deems just and appropriate; and
5. costs.

The Application was heard and dismissed on 4.10.2022, with costs of RM 3,500.00 to be paid by the 1st, 3rd, 4th and 5th Defendants to HLA.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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") (cont'd)

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.

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 30.09.2022	Unaudited Current year-to-date 30.09.2022
Loss after taxation attributable to owners of the Company (RM'000)	(12,705)	(16,706)
<u>Basic</u>		
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	-	2,411
- Warrants	71	28
Weighted average number of ordinary shares for the financial period	707,464	709,832
Basic LPS (sen)	<u>(1.80)</u>	<u>(2.35)</u>
Diluted LPS (sen) ⁽¹⁾	<u>(1.80)</u>	<u>(2.35)</u>

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.*

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2022 RM'000	Unaudited Current year-to-date 30.09.2022 RM'000
Depreciation of property, plant and equipment	1,407	4,696
Depreciation of right-of-use assets	185	554
Property, plant and equipment written off	-	3
Share options expenses	332	995
Impairment loss on a trade receivable	1,521	1,521
Interest expense	2	5
Inventories written down	8,604	8,604
Realised loss on foreign exchange	(228)	(389)
Unrealised gain on foreign exchange	(2,160)	(4,963)
Gain on disposal of plant and equipment	-	(95)
Fair value gain on short-term investment	(11)	(30)
Interest income	(194)	(225)
Dividend income	(9)	(33)
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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