

Kumpulan H & L High-Tech Berhad

199401032123 (317805-V)

Notes to quarterly report for the quarter ended 31 January 2023

Part A-Explanatory Notes Pursuant to FRS 134

A1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The figures for the quarter ended 31 January 2023 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2022.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 October 2022.

A2. Seasonal or cyclical of interim operations

The Group's business operations were not affected by any seasonal or cyclical factors.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There are no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A4. Material changes in estimates

There were no changes in the nature and amount of changes in estimates of amounts reported in the immediate preceding quarter or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter under review.

A5. Capital management, issuances, repurchase, and repayment of debts and equity instruments

The Group's objective of managing capital are to safeguard the Group's ability to continue in operations as going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group's strategy is to maintain a maximum gearing ratio of 50%. The ratio is calculated as the total liabilities to total equity.

The gearing ratios as at 31 January 2023 and 31 October 2022, which are within the Group's objectives for capital management, are as follows:

Kumpulan H & L High-Tech Berhad
199401032123 (317805-V)

Notes to quarterly report for the quarter ended 31 January 2023

| As At | 31-Jan-2023 (Unaudited) RM'000 | 31-Oct-2022 (Audited) RM'000 |
|-------------------|--------------------------------------|------------------------------------|
| Total borrowings | 14,739 | 15,117 |
| Lease liabilities | 9,331 | 9,388 |
| | 24,070 | 24,505 |
| Total equity | 130,466 | 129,321 |
| Total capital | 145,205 | 144,438 |
| Gearing Ratio | 18.4% | 18.9% |

There were no shares issued, shares cancellation, resale of treasury shares and repayments of debts and equity securities during the current quarter.

On 28 March 2007, approval has been obtained from the shareholders for the Company to buy-back its own shares. The authority granted by the shareholders was subsequently renewed in the Annual General Meeting held on 8 April 2022 . The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-back scheme can be applied in the best interest of the Company and its shareholders.

A6. Dividends paid

During the quarter under review, there were no dividend paid.

A7. Operating segment information

With the adoption of MFRS 8, Operating Segments, the Group has four reportable segments: Manufacturing and trading, property investment and investment holdings and joint property development.

| Segment information for the financial period ended 31 January 2023 | Manufacturing & Trading | Property Investment | Joint Property Development | Plantation | Total |
|--|-------------------------|---------------------|----------------------------|------------|---------|
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 |
| Revenue from external customer | 3,674 | 808 | 963 | 1,811 | 7,256 |
| Intersegment revenue | 100 | 5 | - | - | 105 |
| Reportable segment profit / (loss) | (8) | 340 | 746 | 576 | 1,654 |

Reconciliation of profit or loss

| | RM '000 |
|---|--------------|
| Total profit for reportable segments | 1,654 |
| Investment income | 12 |
| Gain on disposal of quoted investments | - |
| Gain on disposal of Treasury shares | - |
| Net fair value gain on held for quoted shares | 19 |
| Interest income | 129 |
| Unallocated amounts:- | |
| Corporate expenses | (88) |
| Other expenses | (3) |
| Group's profit before income tax expense | 1,723 |

Kumpulan H & L High-Tech Berhad
199401032123 (317805-V)

Notes to quarterly report for the quarter ended 31 January 2023

A8. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statement for the interim period.

A9. Effects of changes in composition of the Group

There were no changes to the composition of the Group during the interim period, including business combinations, acquisition and long term investments, restructuring and discontinuing operations.

A10. Changes in contingent liabilities and contingent assets since the date of statement of financial position of prior audited financial statement

Save as disclosed below, the Company is not aware of any contingent liabilities or contingent assets as at 31 January 2023 except as follow:-

| | 31/Oct/2022 (Audited) RM '000 | Changes RM '000 | 31/Jan/2022 (Unaudited) RM '000 |
|----------------|-------------------------------------|--------------------|---------------------------------------|
| Total limit | 19,200 | 0 | 19,200 |
| Total utilised | 15,117 | -378 | 14,739 |

Contingent liabilities for corporate guarantee given by the Company to financial institutions for credit facilities granted to subsidiary companies

A11. Capital Commitment

There was no capital commitments as at 31 January 2023.

* End of Part A *

Kumpulan H & L High-Tech Berhad
199401032123 (317805-V)

Notes to quarterly report for the quarter ended 31 January 2023

Part B - Explanatory Notes Pursuant to BURSA MALAYSIA SECURITIES BERHAD,
Chapter 9 of the Listing Requirement, Part A of Appendix 9B.

B1. Detailed analysis of the performance the current quarter

| RM '000 | Individual quarter | |
|---------------------------------|--------------------|--|
| | Current year | Preceding year corresponding quarter |
| | 31/Jan/2023 | 31/Jan/2022 |
| Revenue | | |
| Manufacturing & Trading | 3,674 | 4,061 |
| Property Investment | 808 | 672 |
| Property Development | 963 | 401 |
| Plantation | 1,811 | 2,323 |
| | | |
| Profit/(Loss) before tax | | |
| Manufacturing & Trading | (8) | 1,061 |
| Property Investment | 340 | 346 |
| Property Development | 746 | 275 |
| Plantation | 576 | 668 |

For current quarter under review as compared to preceding year corresponding quarter:-

Manufacturing segment

Revenue decreased by 9.5% or RM0.386 million due to weaker order and suffered a pretax loss compared to pretax profit of RM1.061 million mainly due to higher operating costs.

Property investment segment

Rental revision helped the segment's revenue improved by 20.2%, however the pretax profit approximate preceding year corresponding quarter due to higher interest rates and other operating costs.

Property development segment

Revenue doubled to RM0.963 million from RM0.401 million and pretax profit increased about three-folds from RM0.275 million to RM0.746 million arising from the sales collection.

Plantation segment

Despite substantial dropped in weighted average fresh fruit bunch ("FFB") selling price from RM1,082 per metric ton to RM733 per metric ton and resulting the revenue dipped to RM1.811 million from RM2.323 million or 22.0%, the pretax profit lowered by only 13.8% or RM0.092 million mainly due to a 15.1% increased in FFB production compared to preceding year corresponding quarter.

B2. Comment on any material change in the profit before taxation as compared with immediate preceding quarter.

Revenue increased by RM0.408 million or 6.0% while pre-tax profit reduced by RM3.087 million to RM1.723 million or 64.2% mainly due to a reduction of RM2.672 million in other income (mainly due to a fair value gain of RM2.570 million in October 2022) and increased in operating expenses by RM0.737 million.

Kumpulan H & L High-Tech Berhad
199401032123 (317805-V)

Notes to quarterly report for the quarter ended 31 January 2023

B3. Current financial year's prospect

Barring unforeseen circumstances, the Boards foresee a challenging year ahead for the remaining quarters for current financial year. Nevertheless the Directors endeavor to maintain current performance.

B4. Profit forecast

There were no revenue or profits estimate, forecast, projection of internal targets announced or disclosed in a public document.

B5. Taxation

| | Current Quarter RM '000 | Year-to-date RM '000 |
|-------------------|----------------------------|-------------------------|
| Current Year | 429 | 429 |
| Prior Year | - | - |
| Deferred Taxation | - | - |
| Tax expense * | 429 | 429 |

The effective tax rate for current period under review was approximate the statutory tax rate of 24%.

B6. Status of corporate proposals

There was no corporate proposal announced but not completed as at 31 January 2023.

B7. Group borrowings and debt securities

The group's borrowings as at 31 January 2023 as follows:-

| RM '000 | Secured | Unsecured | Total |
|----------------|----------------|------------------|---------------|
| Short term | 1,094 | - | 1,094 |
| Long term | 13,645 | - | 13,645 |
| Total | 14,739 | - | 14,739 |

All borrowings are denominated in local currency.

There was no debt securities issued.

Kumpulan H & L High-Tech Berhad
199401032123 (317805-V)

Notes to quarterly report for the quarter ended 31 January 2023

B8. Changes in material litigation

There was no material litigation pending as at the date of this report.

B9. Proposed Dividends

There were no proposed dividends.

B10. Earnings per share

a. Basic

The calculation of the basic earnings per share is based on the Group's net profit attributable to the equity holders divided by the weighted average number of ordinary shares in issue during the year excluding the weighted average treasury shares held by the Company.

| | Current Quarter | Year-to-date |
|---|-----------------|--------------|
| Net profit / (loss) attributable to equity holders of the Company (RM '000) | 1,294 | 1,294 |
| Weighted average number of ordinary shares ('000) | 119,603.74 | 119,603.74 |
| Basic earning/(loss) per share (sen) | 1.08 | 1.08 |

b. Diluted

Not applicable

B11. Audit report qualification and status of matters raised

The audit report of the Group's annual financial statements for the financial year ended 31 October 2022 did not contain any qualification.

Kumpulan H & L High-Tech Berhad
199401032123 (317805-V)

Notes to quarterly report for the quarter ended 31 January 2023

B12. The profit / (loss) after tax was derived after charging / (crediting) the following:-

| | | Current Quarter |
|----|--|-----------------|
| | | RM'000 |
| 1 | interest income; | -10 |
| 2 | other income including investment income; | -12 |
| 3 | interest expense; | 257 |
| 4 | depreciation of property, plant and equipment | 234 |
| 5 | amortisation of right-of-use assets | 160 |
| 6 | amortisation of biological assets | 83 |
| 7 | auditors' remuneration | 30 |
| 8 | realised (gain)/loss on foreign exchange | 12 |
| 9 | unrealised (gain)/loss on foreign exchange | -221 |
| 10 | rental expenses | 32 |
| 11 | rental income | -808 |
| 12 | net fair value (gain)/loss on held for quoted shares | -19 |
| 13 | (gain)/loss on disposal of property, plant and equipment | -11 |

B13. DISCLOSURES OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of retained earnings as at the reporting date, which has been prepared by the Directors in accordance with the directives from **Bursa Malaysia Securities Berhad** stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants, are as follows:-

| | |
|--------------------------------|-----------------|
| As At | 31/Jan/2023 |
| | RM'000 |
| Realised | 63,125 |
| Unrealised | 29,001 |
| | <u>92,126</u> |
| Less: Consolidated adjustments | <u>(18,614)</u> |
| Retained earnings | <u>73,512</u> |