

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

Notes to quarterly report for the quarter ended 31 January 2024

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 2024 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 2023.

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 2023.

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 2024 and 31 October 2023, 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 2024

As At	31-Jan-2024 (Unaudited) RM'000	31-Oct-2023 (Audited) RM'000
Total borrowings	13,169	13,563
Lease liabilities	9,344	9,355
	22,513	22,918
Total equity	135,698	135,626
Total capital	148,867	149,189
Gearing Ratio	16.6%	16.9%

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 18 April 2023. 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.

During the quarter under review, 145,900 shares repurchased as treasury share from open market at average price of RM0.8711 per share, total value of share buyback approximate RM 0.127 million only.

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.

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

Notes to quarterly report for the quarter ended 31 January 2024

Segment information for the financial period ended 31 January 2024	Manufacturing & Trading	Property Investment	Joint Property Development	Plantation	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue from external customer	2,818	849	153	1,490	5,310
Intersegment revenue	105	5	-	-	110
Reportable segment profit / (loss)	(351)	470	92	203	414

<u>Reconciliation of profit or loss</u>	RM '000
Total profit for reportable segments	414
Investment income	-
Gain on disposal of quoted investments	-
Gain on disposal of Treasury shares	-
Net fair value gain on held for quoted shares	93
Interest income	98
Unallocated amounts:-	
Corporate expenses	(79)
Other expenses	(6)
Group's profit before income tax expense	520

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 2024 except as follow:-

	31-Oct-2023 (Audited) RM '000	Changes RM '000	31-Jan-2024 (Unaudited) RM '000
Total limit	19,200	0	19,200
Total utilised	13,563	-394	13,169

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 2024.

* End of Part A *

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

Notes to quarterly report for the quarter ended 31 January 2024

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-2024	31-Jan-2023
Revenue		
Manufacturing & Trading	2,818	3,674
Property Investment	849	808
Property Development	153	963
Plantation	1,490	1,811
Profit/(Loss) before tax		
Manufacturing & Trading	(351)	(8)
Property Investment	470	340
Property Development	92	746
Plantation	203	576

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

Manufacturing segment

Revenue decreased substantially by 23.3% or RM0.856 million due to slow order and pretax loss widen to RM0.351 million compared RM0.008 million mainly due to lower revenue.

Property investment segment

Rental income is stable with marginal increase of 5.1% from RM0.808 million to RM0.849 million while pre-tax profit improved from RM0.340 million to RM0.470 million as there was a one-off major refurbishment expenses incurred last year.

Property development segment

Revenue reduced from RM0.963 million to RM0.153 million and pretax profit also dropped accordingly RM0.746 million to RM 0.092 million as the unit available for sales collection almost fully sold.

Plantation segment

Revenue dropped by 17.7% or RM0.321 million mainly due to dropped in weighted average fresh fruit bunch (“FFB”) selling price from RM733 per metric ton to RM 675 per metric ton and reduction in FFB production by 10.6% compared to preceding year corresponding quarter. Thus, pre-tax profit reduced by 64.8% compared to last year from RM0.576 million to RM0.203 million.

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

Revenue dropped substantially by RM1.782 million or 25.4% while pre-tax profit reduced by RM6.807 million to RM0.522 million or 92.9% mainly due to a reduction of RM4.794 million in other income (mainly due to a fair value gain of RM4.90 million in October 2023) and increased in operating expenses by RM0.247 million.

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

Notes to quarterly report for the quarter ended 31 January 2024

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	321	321
Prior Year	-	-
Deferred Taxation	-	-
Tax expense *	321	321

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

B6. Status of corporate proposals

There was no corporate proposal announced but not completed as at 31 January 2024.

B7. Group borrowings and debt securities

The group's borrowings as at 31 January 2024 as follows:-

RM '000	Secured	Unsecured	Total
Short term	1,494	-	1,494
Long term	11,675	-	11,675
Total	13,169	-	13,169

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 2024

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)	199	199
Weighted average number of ordinary shares ('000)	118,009.16	118,009.16
Basic earning/(loss) per share (sen)	0.17	0.17

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 2023 did not contain any qualification.

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

Notes to quarterly report for the quarter ended 31 January 2024

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

		Current Quarter RM'000
1	interest income;	-20
2	other income including investment income;	0
3	interest expense;	261
4	depreciation of property, plant and equipment	250
5	amortisation of right-of-use assets	164
6	amortisation of biological assets	83
7	auditors' remuneration	36
8	realised (gain)/loss on foreign exchange	20
9	unrealised (gain)/loss on foreign exchange	-17
10	rental income	-849
11	net fair value (gain)/loss on held for quoted shares	-93
12	(gain)/loss on disposal of property, plant and equipment	-90

During the current quarter, there were no provisions made or write-offs related to receivables or inventories

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-2024 RM'000
Realised	68,768
Unrealised	28,871
	<u>97,639</u>
Less: Consolidated adjustments	(18,596)
Retained earnings	<u>79,043</u>