

Kumpulan H & L High-Tech Berhad

Registration No. 199401032123 (317805-V)

Notes to quarterly report for the quarter ended 31 July 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 July 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 except for the following:-

MFRS 16 Lease

The right-of-use asset is recognized and measured at cost, and subsequently measured at cost, less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

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.

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

The gearing ratios as at 31 July 2024 and 31 October 2023, which are within the Group's objectives for capital management, are as follows:

As At	31-Jul-2024 (Unaudited) RM'000	31-Oct-2023 (Audited) RM'000
Total borrowings	21,674	22,918
Total equity	134,471	135,626
Total capital	156,145	158,544
Gearing Ratio	16.1%	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 2024. 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.

Except for below, there were no shares issued, share cancellation, resale of treasury shares and repayment of debts and equity securities during the quarter under review.

During the quarter under review, a total of 608,800 shares bought back as treasury shares ("share buyback") in the open market for approximately RM0.8609 per share, total value of share buyback approximately RM0.524 million only.

A6. Dividends paid

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

Notes to quarterly report for the quarter ended 31 July 2024

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 July 2024	Manufacturing & Trading	Property Investment	Joint Property Development	Plantation	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue from external customer	8,442	2,549	198	4,709	15,898
Intersegment revenue	276	16	-	-	292
Reportable segment profit / (loss)	(882)	1,558	101	981	1,758

<u>Reconciliation of profit or loss</u>	<i>RM '000</i>
Total profit for reportable segments	1,758
Investment income	36
Gain on disposal of quoted investments	-
Gain on resale of treasury shares	-
Net fair value gain on held for quoted shares	48
Interest income	274
Unallocated amounts:-	
Corporate expenses	(321)
Other expenses	(14)
Group's profit before income tax expense	1,781

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.

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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 July 2024 except as follow:-

	31-Oct-2023 (Audited) RM '000	Changes RM '000	31-Jul-2024 (Unaudited) RM '000
Total limit	19,200	0	19,200
Total utilised	13,563	-1,208	12,355

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 July 2024.

* End of Part A *

Notes to quarterly report for the quarter ended 31 July 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		Cumulative quarters	
	Current year	Preceding year corresponding quarter	Current year	Preceding year corresponding quarters
	31-Jul-2024	31-Jul-2023	31-Jul-2024	31-Jul-2023
Revenue				
Manufacturing & Trading	2,669	4,838	8,442	12,459
Property Investment	852	813	2,549	2,430
Property Development	45	-	198	1,226
Plantation	1,749	1,333	4,709	4,293
Profit/(Loss) before tax				
Manufacturing & Trading	(223)	1,686	(882)	2,628
Property Investment	545	493	1,558	587
Property Development	26	(14)	101	907
Plantation	420	206	981	830

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

- Manufacturing segments - revenue dropped by 44.8% or RM2.17 mil while the pre-tax profit turns to pre-tax loss of RM0.22 mil mainly due to weak order from overseas.
- Property investment segment - revenue and pre-tax profit improved by 4.8% and 10.5% respectively from last year due to rental revision.
- Property development segment - do not have significant revenue during the quarter and
- Plantation segment – Significant improvement to revenue and pre-tax profit by 31.2% and 103.9% respectively mainly due an improvement of 9.7% in the weighted average fresh fruit bunch (“FFB”) price and 19.6% in FFB yield.

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

Revenue improved marginally by 0.8% or RM0.04 million to RM5.25 million while pre-tax profit jumped from RM0.505 million to RM0.754 million mainly contributed by improvement in gross profit margin from plantation segment.

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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	343	1,001
Prior Year	17	104
Deferred Taxation	-	-
Tax expense *	360	1,105

The effective tax rate for financial period ended 31 July 2024 was higher than the statutory tax rate of 24% during the period under review.

B6. Status of corporate proposals

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

B7. Group borrowings and debt securities

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

RM '000	Secured	Unsecured	Total
Short term	1,533	-	1,533
Long term	10,822	-	10,822
Total	12,355	-	12,355

All borrowings are denominated in local currency.

There was no debt securities issued.

B8. Changes in material litigation

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

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B9. Proposed Dividends

The Board of Directors proposed a single tier interim dividend of 2.00 sen per ordinary share in respect of the financial year ending 31 October 2024. The book closure date and payment date will be 18 October 2024 and 28 October 2024 respectively.

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)	392	676
Weighted average number of ordinary shares ('000)	117,845	117,954
Basic earning/(loss) per share (sen)	0.33	0.57

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.

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

		Current Quarter RM'000	Year-To-Date RM'000
1	interest income;	(27)	(65)
2	other income including investment income;	0	(36)
3	interest expense;	255	759
4	depreciation of property, plant and equipment	245	736
5	amortisation of Right-of-Use assets	164	492
6	amortisation of Biological Assets	83	249
7	auditors' remuneration	36	108
8	realised (gain)/loss on foreign exchange	21	41
9	unrealised (gain)/loss on foreign exchange	(29)	(37)
10	rental expenses	8	63
11	rental income	(852)	(2,549)
12	net fair value (gain)/loss on held for quoted shares	21	(45)
13	(Gain)/loss on disposal of property, plant and	(14)	(124)