



恒宝环球

**HB Global Limited**

(Company Registration No.: 200608505W)  
(Malaysian Foreign Company Registration No.: 995221-H)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE FIRST QUARTER ENDED 31 MARCH 2021

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

#### Unaudited Condensed Consolidated Statement Of Comprehensive Income

	Quarter Ended	Preceding Year Corresponding Quarter	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Year to Date Ended	Year to Date Ended	Year to Date Ended
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	25,317	14,583	15,998	8,798	25,317	14,583	15,998	8,798
Cost of sales	(22,289)	(11,964)	(14,084)	(7,218)	(22,289)	(11,964)	(14,084)	(7,218)
Gross profit	3,028	2,619	1,914	1,580	3,028	2,619	1,914	1,580
Other operating income	10,708	981	6,767	592	10,708	981	6,767	592
Selling and distribution expenses	(130)	(182)	(82)	(110)	(130)	(182)	(82)	(110)
General and administrative expenses	(5,969)	(6,954)	(3,772)	(4,196)	(5,969)	(6,954)	(3,772)	(4,196)
Other operating expenses	-	(6,191)	-	(3,735)	-	(6,191)	-	(3,735)
Operating profit/(loss)	7,637	(9,727)	4,827	(5,869)	7,637	(9,727)	4,827	(5,869)
Finance costs	(929)	(1,073)	(587)	(647)	(929)	(1,073)	(587)	(647)
Profit/(loss) before taxation	6,708	(10,800)	4,240	(6,516)	6,708	(10,800)	4,240	(6,516)
Taxation	-	-	-	-	-	-	-	-
Profit/(loss) after taxation	6,708	(10,800)	4,240	(6,516)	6,708	(10,800)	4,240	(6,516)
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) after tax	6,708	(10,800)	4,240	(6,516)	6,708	(10,800)	4,240	(6,516)



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

#### Unaudited Condensed Consolidated Statement Of Comprehensive Income (continue)

	Quarter Ended	Preceding Year Corresponding Quarter	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Year to Date Ended	Year to Date Ended	Year to Date Ended
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit/(loss) attributable to:-								
- Equity holders of HB	6,738	(10,800)	4,259	(6,516)	6,738	(10,800)	4,259	(6,516)
- Non-controlling interest	(30)	-	(19)	-	(30)	-	(19)	-
Total comprehensive income/(loss) attributable to:-								
- Equity holders of HB	6,738	(10,800)	4,259	(6,516)	6,738	(10,800)	4,259	(6,516)
- Non-controlling interest	(30)	-	(19)	-	(30)	-	(19)	-
Earning/(loss) Per Share *								
- Basic (RMB cents/ sen)	1.42	(2.31)	0.90	(1.39)	1.42	(2.31)	0.90	(1.39)
- Diluted (RMB cents/ sen)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Note:**

The financial statements are presented in Renminbi (“RMB”) and translated into Ringgit Malaysia (“RM”) for information purposes and reference at the exchange rate of RMB1: RM0.6319 at 31 March 2021 and RM0.6033 at 31 March 2020 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

#### Condensed Consolidated Statements of Financial Positions

	Unaudited As at 31 March 2021	Audited As at 31 Dec 2020	Unaudited As at 31 March 2021	Audited As at 31 Dec 2020
	RMB'000	RMB'000	RM'000	RM'000
<b>Non-Current Assets</b>				
Property, plant and equipment	207,116	202,881	130,876	123,879
Construction in progress	-	7,696	-	4,699
Land use right	74,141	74,596	46,850	45,548
	281,257	285,173	177,726	174,126
<b>Current Assets</b>				
Inventories	13,748	9,823	8,687	5,998
Trade and other receivables	37,590	47,242	23,754	28,846
Prepayment for land use right	77,340	77,340	48,871	47,224
Cash and bank balance	27,161	182	17,163	111
	155,839	134,587	98,475	82,179
<b>TOTAL ASSETS</b>	437,096	419,760	276,201	256,305
<b>Capital and Reserves</b>				
Share capital	173,490	146,161	109,628	89,246
Reserves	59,246	59,246	37,438	36,176
Retained earnings	97,122	90,384	61,372	55,188
Non-Controlling Interest	(30)	-	(19)	-
<b>Total Equity</b>	329,828	295,791	208,419	180,610
<b>Current Liabilities</b>				
Trade payables and other payables	13,349	19,342	8,435	11,810
Amount due to a shareholder	3,162	3,276	1,998	2,000
Amount due to directors	22,196	32,790	14,025	20,022
Short term loan	68,561	68,561	43,324	41,863
	107,268	123,969	67,782	75,695
<b>TOTAL LIABILITIES</b>	107,268	123,969	67,782	75,695
<b>TOTAL EQUITY AND LIABILITIES</b>	437,096	419,760	276,201	256,305
Net asset per share attributable to equity holders of the Company (RMB / RM) <sup>(1)</sup>	0.59	0.63	0.37	0.39

The Company had submitted its Audited Financial Statements for the year ended 31 December 2020 on due date and had made announcement on 7 May 2021.

Note:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 31 March 2021 and 31 December 2020 divided by the number of ordinary shares of 561,600,000 and 468,000,000 respectively.
- (2) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.6319 at 31 March 2021 and RM0.6106 at 31 December 2020 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

#### Unaudited Condensed Consolidated Statements Of Changes In Equity

<b>3 months ended 31 March 2021</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Retained earnings</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2021	146,161	76,090	(16,844)	90,384	-	295,791
Total comprehensive income/(loss) for the period	-	-	-	6,738	(30)	6,708
Issue of new ordinary shares	27,329	-	-	-	-	27,329
At 31 March 2021	<u>173,490</u>	<u>76,090</u>	<u>(16,844)</u>	<u>97,122</u>	<u>(30)</u>	<u>329,828</u>

<b>3 months ended 31 March 2021</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Retained earnings</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2021	92,359	48,082	(10,644)	57,113	-	186,910
Total comprehensive income/(loss) for the period	-	-	-	4,259	(19)	4,240
Issue of new ordinary shares	17,269	-	-	-	-	17,269
At 31 March 2021	<u>109,628</u>	<u>48,082</u>	<u>(10,644)</u>	<u>61,372</u>	<u>(19)</u>	<u>208,419</u>

Note:

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

#### Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

<b>3 months ended 31 March 2020</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Equity contribution reserves</b>	<b>Retained earnings</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2020	146,161	76,090	(16,844)	8,237	127,437	404	341,484
Total comprehensive loss for the period	-	-	-	-	(10,800)	-	(10,800)
At 31 March 2020	<u>146,161</u>	<u>76,090</u>	<u>(16,844)</u>	<u>8,237</u>	<u>116,637</u>	<u>404</u>	<u>330,684</u>

<b>3 months ended 31 March 2020</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Equity contribution reserves</b>	<b>Retained earnings</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2020	88,179	45,905	(10,162)	4,969	76,884	244	206,018
Total comprehensive loss for the period	-	-	-	-	(6,516)	-	(6,516)
At 31 March 2020	<u>88,179</u>	<u>45,905</u>	<u>(10,162)</u>	<u>4,969</u>	<u>70,368</u>	<u>244</u>	<u>199,502</u>

The Company had submitted its Audited Financial Statements for the year ended 31 December 2020 on due date and had made announcement on 7 May 2021.

Note:

- (1) The financial statements are presented in Renminbi (“RMB”) and translated into Ringgit Malaysia (“RM”) for information purposes and reference at the exchange rate of RMB1: RM0.6319 at 31 March 2021 and : RM0.6033 at 31 March 2020 with comparatives is shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

#### Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000	As at 31 March 2021 RM'000	As at 31 March 2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before income tax	6,708	(10,800)	4,240	(6,516)
Adjustments for:				
Depreciation and amortisation	3,991	3,793	2,522	2,288
Provision of doubtful debts	-	6,191	-	3,735
Waiver on loan principal and interest related to loan from a director	(9,964)	-	(6,296)	-
Waiver on director fee	(316)	-	(200)	-
Interest expenses	929	1,073	587	647
Unrealised foreign exchange (gain)/loss	(396)	981	(251)	592
<b>OPERATING GAIN BEFORE WORKING CAPITAL CHANGES</b>	952	1,237	602	746
In inventories	(3,925)	(4,793)	(2,480)	(2,892)
In trade and other receivables	9,653	11,457	6,099	6,912
In trade and other payables	(5,996)	3,258	(3,789)	1,966
<b>Cash from operations</b>	684	11,160	432	6,733
Interest paid	(929)	(1,073)	(587)	(647)
<b>Net cash (used in)/from operating activities</b>	(245)	10,087	(155)	6,085
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(75)	-	(47)	-
Purchase of intangible assets	-	-	-	-
Payment of work-in-construction	-	(18)	-	(11)
<b>Net cash used in investing activities</b>	(75)	(18)	(47)	(11)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdown from short-term loan	-	880	-	531
Repayment from director	-	(12,150)	-	(7,330)
Repayment from shareholder	-	(221)	-	(124)
Proceeds from issuance of new ordinary shares	27,329	-	17,269	-
<b>Net cash from/(used in) financing activities</b>	27,329	(11,491)	17,269	(6,933)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	27,009	(1,422)	17,067	(859)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	152	1,574	96	950
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	27,161	152	17,163	91

The Company had submitted its Audited Financial Statements for the year ended 31 December 2020 on due date and had made announcement on 7 May 2021.

Note:

- (1) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.6319 at 31 March 2021 and : RM0.6033 at 31 March 2020 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

#### A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

##### 1. Basis of preparation

###### a) Basis of accounting

The financial statements are unaudited and have been prepared in accordance with the provisions of the Singapore Companies Act (the “Act”), Singapore Financial Reporting Standards (International) [“SFRS(I)s”] which are simultaneously compliant with International Financial Reporting Standard (IFRSs) issued by the International Accounting Standards Board (IASB) and paragraph 9.22 and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this unaudited financial report.

###### b) Changes in accounting policies

The Group has adopted a new financial reporting framework, SFRS(I) on 1 January 2018. SFRS(I)s comprise standards and interpretations that are equivalent to IFRSs as issued by the International Accounting Standards Board. An entity that compiles with SFRS(I)s can also elect to simultaneously include an explicit and unreserved statement of compliance with IFRS. The Group has elected to assert dual compliance with both SFRS(I)s and IFRSs with effect from annual periods beginning on or after 1 January 2018. All references to SFRS(I)s and IFRSs are referred collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements for the financial year ended 31 December 2018 are the first set of annual financial statements the Group prepared in accordance with SFRS(I)s. The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of accounting estimates and assumptions. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

###### INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2018

On 1 January 2018, the Company adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I). The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

###### c) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The Group was formed as a result of the restructuring exercise undertaken on 25 September 2009 for the purpose of the Company’s listing on the main market of the Bursa Malaysia Securities Berhad. The acquisition of 100% equity in the subsidiary, namely Rizhao Hengbao Foodstuffs Co., Ltd pursuant to the restructuring exercise under common control has been accounted for using the pooling-of-interest method. Under the pooling-of-interest method, the consolidated financial statements of the Group have been presented as if the Group structure immediately after the restructuring has been in existence since the earliest financial year presented. The assets and liabilities were brought into the consolidated statement of financial position at their existing carrying amounts. The pooling-of-interest method will continue to be used for the entities in existence up to the Group’s reorganization exercise.

All inter-company balances and significant inter-company transactions and resulting unrealized profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group or in which control ceases, respectively.





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c) *Basis of consolidation (continue)*

Where accounting policies of a subsidiary do not confirm with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

#### 2. **Audit report of the Group's preceding annual financial statements**

The Group's audited consolidated financial statements for the financial year ended 31 December 2020 were not subject to any audit qualification.

However, the auditor UHY Lee Seng Chan & Co have issued a statement in respect of HB's Financial Statements for 31 December 2020 ("FS 2020") to draw an attention to the board and shareholders as regard to the emphasis of matter and key audit matters as follow:

##### Key Audit Matter

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements, the description of the Statement is as follows:

##### **"Key Audit Matters"**

Key audit matters are those matters that, our external auditors, UHY Lee Seng Chan & Co in their professional judgement, were of most significance in their audit of the financial statements of FY2020. These matters were addressed in the context of their audit of the financial statements as a whole, and in forming their professional opinion thereon, and did not provide a separate opinion on these matters.

- I) Impairment of property, plant and equipment and land use right
- II) Advance payment for land use rights

The key audit matters highlighted by independent auditors had no material changes or further development as compared to 31 December 2020.

#### 3. **Seasonality or cyclicity of operation**

The business of the Group was not affected by any significant seasonal and cyclical factors for the current quarter and financial year-to-date other than the holiday effect on the operation for Chinese New Year festival.

#### 4. **Unusual items**

The Coronavirus (Covid-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the Covid-19 outbreak as global pandemic on 11 March 2020.

The emergence of the Covid-19 outbreak since early 2020 has brought economic uncertainties in the whole world and markets in which the Group and the Company operate.

In view of the uncertainty of the macro-economic conditions, the Group is unable to reasonably quantify the related financial effects for the period ended 31 March 2021 to be disclosed in current quarterly results. The Group will continuously monitor and to take appropriate and timely measures to minimise any impact of the outbreak that might arises.

#### 5. **Changes in estimates**

There were no material changes in estimates for the current quarter and financial year-to-date.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

#### 6. Changes in share capital and debts

On 26 March 2021, the Company had issued 93,600,000 ordinary shares at the price of RM0.185 via private placement.

Save as disclosed above, there were no cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial year to date.

#### 7. Dividends

In view of the current business climate, no dividend was declared or paid by the Group in the current quarter under review.

#### 8. Segment information

	<b>Financial Period Ended 31 March 2021</b>				
	<b><u>Ready-to-serve Food</u></b> RMB'000	<b><u>Frozen Vegetables</u></b> RMB'000	<b><u>Duck Farming</u></b> RMB'000	<b><u>Others</u></b> RMB'000	<b><u>Total</u></b> RMB'000
Revenue	13,119	9,026	-	3,172	25,317
<b>Segment results</b>	707	2,321	-	-	3,028
Other income					10,708
Unallocated costs					(6,099)
Finance expenses					(929)
Profit before income tax					6,708
Income tax expense					-
<b>Profit for the period</b>					<b>6,708</b>
<b>Other segment information:</b>					
Depreciation and amortization					3,991
Capital expenditures					75

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
 THE FIRST QUARTER ENDED 31 MARCH 2021

8. Segment information (continue)

<u>Financial Period Ended 31 March 2021</u>					
	<u>Ready-to- serve Food</u> RM'000	<u>Frozen Vegetables</u> RM'000	<u>Duck Farming</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Revenue	8,290	5,704	-	2,004	15,998
<b>Segment results</b>	447	1,467	-	-	1,914
Other income					6,767
Unallocated costs					(3,854)
Finance expenses					(587)
Profit before income tax					4,240
Income tax expense					-
<b>Profit for the period</b>					<b>4,240</b>
<b>Other segment information:</b>					
Depreciation and amortisation					2,522
Capital expenditures					47

Note:

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<u>Financial Period Ended 31 March 2020</u>					
	<u>Ready-to- serve Food</u> RMB'000	<u>Frozen Vegetables</u> RMB'000	<u>Duck Farming</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
Revenue	7,936	2,824	-	3,823	14,583
<b>Segment results</b>	1,503	998	-	118	2,619
Other income					981
Unallocated costs					(13,327)
Finance expenses					(1,073)
Loss before income tax					(10,800)
Income tax expense					-
<b>Loss for the period</b>					<b>(10,800)</b>
<b>Other segment information:</b>					
Depreciation and amortisation					3,793
Capital expenditures					18



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**8. Segment information (continue)**

	<b>Financial Period Ended 31 March 2020</b>				<b>Total</b> RM'000
	<b>Ready-to-serve Food</b> RM'000	<b>Frozen Vegetables</b> RM'000	<b>Duck Farming</b> RM'000	<b>Others</b> RM'000	
Revenue	4,788	1,703	-	2,307	8,798
<b>Segment results</b>	907	602	-	71	1,580
Other income					592
Unallocated costs					(8,041)
Finance expenses					(647)
Loss before income tax					(6,516)
Income tax expense					-
<b>Loss for the period</b>					<b>(6,516)</b>
<b>Other segment information:</b>					
Depreciation and amortisation					2,288
Capital expenditures					11

Note:

- (1) The financial statements are presented in Renminbi (“RMB”) and translated into Ringgit Malaysia (“RM”) for information purposes and reference at the exchange rate of RMB1: RM0.6033 at 31 March 2020 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.

**9. Subsequent events**

Save as disclosed below, there were no material events as at the date of this announcement that will affect the results of the current quarter:-

- i. The Company had on 1 April 2021 entered into a conditional share sale agreement with Lean Kock Kiang and Lee Sek Ang for the proposed acquisition of 600,000 ordinary shares in Forward Resources and Construction Sdn Bhd, representing 60% equity interest in Forward Resources, for a purchase consideration of RM66.0 million to be satisfied *via* the issuance of 208,413,740 ordinary shares in HB Global at an issue price of RM0.2591 each and RM12.0 million in cash.

**10. Changes in the composition of the Group**

Save as disclosed below, there were no material changes in the composition of the Group:-

- i. On 17 February 2021, the Company had incorporated a 70% owned subsidiary, Biztech Utopia Sdn Bhd, with a shares subscription of 700 shares at RM1 each.
- ii. On 27 February 2021, the Company had incorporated a 70% owned subsidiary, Welltech Utopia Sdn Bhd, with a shares subscription of 700 shares at RM1 each.
- iii. On 2 March 2021, the Company had incorporated a 100% owned subsidiary, SLH Global Sdn Bhd, with a shares subscription of 1000 shares at RM1 each.
- iv. On 11 March 2021, the Company had incorporated a 100% owned subsidiary, HB Global Capital Sdn Bhd, with a shares subscription of 1000 shares at RM1 each.



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#### 11. Contingent liability or assets

There were no material contingent liabilities or assets which may have material effect on the financial position of the Group.

#### 12. Non-current assets

There were no material acquisition or disposal of non-current assets during the current financial quarter.

#### 13. Capital commitment

There were no material capital commitment during the current financial quarter.

#### 14. Significant related party transactions

Key management personnel compensation is analysed as follows:

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Salaries and other short-term employee benefits	195	123	195	123
Post employment benefits	-	-	-	-

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**B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS**

**1. Review of the performance of the Group**

**Review of Group Comprehensive Income**

Our revenue increased by RMB10.7 million or approximately 73.3% from RMB14.6 million in financial period ended 31 March 2020 (“FPE2020”) to RMB25.3 million in financial period ended 31 March 2021 (“FPE2021”). The increase was mainly due to increase in global and local demand amidst improvement in Covid 19 pandemic situation and more countries relaxing their cross border control.

Average Gross Profits (“GP”) margin decreased from 18.0% for FPE2020 to 12.0% for FPE2021 was mainly attributable to higher raw materials and other variable cost incurred. Increase in other income was mainly due to waiver of principal and interest on loan from a Director amounted to approximately RMB10 million.

General and administrative expenses decreased by 14.6% from RMB6.9 million to RMB5.9 million mainly due to there was an unrealised foreign exchange loss included in FPE 2020 of approximately RMB1.0 million. Other operating expenses in FPE2020 was mainly due to the additional provision of doubtful debts of RMB6.2 million. The Group recorded net profit before taxation of RMB6.7 million in FPE2021 mainly due to higher other operating income and lower general and administrative and other operating expenses incurred.

**Review of Balance Sheet**

Increase in PPE is mainly due to the completion of construction in progress amounted to RMB7.7 million transferred to PPE. Inventories increased to RM13.7 million from RM9.8 million mainly due to higher demand of products. Cash and bank balance increased to RM27.2 million from RM0.2 million mainly due to proceeds received from private placement. Decrease in amount due to directors in FPE2021 compared to FPE2020 was mainly due to waiver of principal and interest on loan from a director.

**Review of Cash Flow Statement**

Net cash generated from operating activities decreased by RMB10.3 million from RMB10.1 million in FPE2020 to minus RMB0.2 million in FPE2021. The decrease was mainly due to higher inventories in FPE 2021 and more repayment of trade and other payables.

The increase in cash and cash equivalents at FPE 2021 was mainly due to proceeds received from issuance of shares via private placement.

**2. Variation of results against immediate preceding quarter**

	Current Quarter 31 Mar 2020		Preceding Quarter 31 Dec 2020	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	25,317	15,998	14,583	8,798
Profit/(Loss) Before Taxation	6,708	4,240	(10,800)	(6,516)
Profit/(Loss) After Taxation	6,708	4,240	(10,800)	(6,516)

The Group recorded revenue of RMB25.3 million in the current quarter, increased by approximately RMB10.7 million from RMB14.6 million due to improvement of Covid 19 pandemic situation in PRC and other countries that the Group has export trade as compared to FPE2020.



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The Group recorded profit in FPE2021 as compared to loss in FPE2020 mainly due to other income arising from waiver of loan principal and interest on loan due from a Director amounted to approximately RMB10 million.

**3. Prospects for FYE 2021**

The outbreak of corona virus in late 2019 which had paralysed many industries and global economy as many countries imposed lockdown to contain the corona virus. The impact can be clearly seen in terms of revenue and gross profit generated amid the challenging global economic outlook. The management is now focus on survival and hope that as each country re-open its economy especially where the goods are mostly exported will improve revenue. The Group is also looking to venture into other high growth sectors to increase revenue and profit.

**4. Profit forecast**

The Group does not have any profit forecast or guarantee in the public documents.

**5. Income tax expenses**

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Income tax expenses	-	-	-	-

PRC Tax

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate is 25% for current quarter and financial year-to-date.

Singapore tax

No provision for Singapore income tax was made as the dividends receivable by the Company from its subsidiary, if any, will not be taxable under the applicable law.

The effective tax rate of our Group for the current quarter and financial year-to-date was approximately Nil as compared to the applicable tax rate of 25%.

**6. Sales of unquoted investment / properties**

There was no sale of unquoted investments / properties in the current financial quarter and financial year-to-date.

**7. Purchase or disposal of quoted securities**

There was no purchase or disposal of quoted securities for the current financial quarter and financial year-to-date.

**8. Status of utilization of proceeds**

During the current financial quarter, ordinary shares of 93,600,000 has been issued at an issuing price of RM0.185 on 26 March 2021 via private placement.

Utilization of the proceeds as of 31 March 2021 were as follows:

	RMB'000	RM'000
Proceeds from issuance of shares via private placement	27,329	17,269
Placement fees	(581)	(367)
Balance @ 31.3.2021	26,748	16,902



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**9. Group's borrowings and debt securities**

The Group's borrowings and debt securities as of 31 March 2021 were as follows:

	RMB'000	RM'000
Loans – unsecured*	11,941	7,546
Short-term Loan – unsecured	-	-
Short-term Loan – secured <sup>®</sup>	68,561	43,324

Loans – unsecured\*

On 31 December 2018, the company (HB Global Ltd) entered into a loan agreement with Shen Hengbao (referred to as the "Ultimate-shareholder") amounting to SGD4.06 million (approximately RMB20.09 million) as lender. The loan is at interest rate of 5.5% market rate. The tenure of the loan is 3 years and will be automatically renewed for another 3 years unless the Directors decide that the loan is no longer required.

During the current financial quarter, the loan has been reduced to SGD2.46 million (approximately RMB11.94 million) due to an agreement obtained from Shen Hengbao to waive the loan amount of SGD1.6 million. There is also a separate agreement from Shen Hengbao to waive all the interest charged and chargeable on the loan.

Short-term Loan – secured<sup>®</sup>

The subsidiary company entered into several short-term agreements with several local banks for a total amount of RMB69 million loan and are secured by pledging of few pieces of land use rights.

Due to the impact of trade war between China and USA, economic slowdown in china and outbreak of swine fever, the Peoples's Government had initiated a financial assistance to special category of business such as food industry's company to avert any possible financial crises in the near future. One of the subsidiary had entered into this arrangement with Xing Ye Bank Co. Ltd, Rizhao Branch and also endorsed by the Court on the pledging of its properties and two guarantors provided for this special financial assistance.

**10. Off-balance sheet financial instrument risks**

There are no financial instruments with off-balance sheet risks as at the date of this report.

**11. Changes in material litigation**

There were no material litigation for the current financial quarter.

**12. Realised and Unrealised Profit/Losses Disclosure**

The retained earnings as at 31 March 2021 and 31 December 2020 are analysed as below:

	Current Financial Period		Preceding Financial Period	
	RMB'000	RM'000	RMB'000	RM'000
Total Retained Earnings of the Company and its subsidiary:				
- Realised	96,726	61,121	89,139	54,428
- Unrealised	396	251	1,245	760
Total Group Retained Earnings	97,122	61,372	90,384	55,188





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**13. Earning per share**

*Basic Earning per Share*

	Quarter Ended	Preceding Year	Quarter	Preceding Year	Year to Date	Year to Date	Year to Date	Year to Date
	31 Mar 2021	Corresponding	Ended	Corresponding	Ended	Ended	Ended	Ended
	31 Mar 2021	Quarter	31 Mar 2021	Quarter	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RMB'000	31 Mar 2020	RM'000	31 Mar 2020	RMB'000	RMB'000	RM'000	RM'000
		RMB'000		RM'000				
Profit/(loss) attributable to - equity holders of the company	6,738	(10,800)	4,259	(6,516)	6,738	(10,800)	4,259	(6,516)
- Non-controlling interest	(30)	-	(19)	-	(30)	-	(19)	-
Weighted average number of ordinary share in issue ('000)	474,240	468,000	474,240	468,000	474,240	468,000	474,240	468,000
Earning/(loss) Per Share - Basic (RMB cents/ sen)	1.42	(2.31)	0.90	(1.39)	1.42	(2.31)	0.90	(1.39)

By Order of the Board

SHEN HENGBAO  
Chief Executive Officer