



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 SECOND QUARTER ENDED 30 JUNE 2022

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

#### 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
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	18,700	34,381	12,314	22,097	37,557	59,698	24,731	38,368
Cost of sales	(19,679)	(24,237)	(12,959)	(15,577)	(41,161)	(46,526)	(27,104)	(29,902)
Gross (loss)/profit	(979)	10,144	(645)	6,520	(3,604)	13,172	(2,373)	8,466
Other operating income	55	7,799	36	5,012	302	18,507	199	11,894
Selling and distribution expenses	(144)	(134)	(95)	(86)	(210)	(264)	(138)	(170)
General and administrative expenses	(3,595)	(7,983)	(2,367)	(5,131)	(14,675)	(13,952)	(9,663)	(8,967)
Operating (loss)/profit	(4,663)	9,826	(3,071)	6,315	(18,187)	17,463	(11,975)	11,223
Finance costs	(828)	(951)	(545)	(611)	(1,954)	(1,880)	(1,287)	(1,208)
(Loss)/profit before taxation	(5,491)	8,875	(3,616)	5,704	(20,141)	15,583	(13,262)	10,015
Taxation	-	-	-	-	-	-	-	-
(Loss)/profit after taxation	(5,491)	8,875	(3,616)	5,704	(20,141)	15,583	(13,262)	10,015
Other comprehensive income/(loss) for the period (net of tax)	66	-	43	-	(35)	-	(23)	-
Total comprehensive (loss)/profit after tax	(5,425)	8,875	(3,573)	5,704	(20,176)	15,583	(13,285)	10,015



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

#### 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
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
(Loss)/profit attributable to:-								
- Equity holders of HB	(4,866)	9,106	(3,204)	5,853	(18,090)	15,844	(11,911)	10,183
- Non-controlling interest	(625)	(231)	(412)	(149)	(2,051)	(261)	(1,351)	(168)
Total comprehensive (loss)/income attributable to:-								
- Equity holders of HB	(4,791)	9,106	(3,156)	5,853	(18,134)	15,844	(11,940)	10,183
- Non-controlling interest	(634)	(231)	(417)	(149)	(2,042)	(261)	(1,345)	(168)
(Loss)/earnings Per Share *								
- Basic (RMB cents/ sen)	(0.63)	1.76	(0.42)	1.13	(2.35)	3.06	(1.55)	1.97
- 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: RM0.6585 at 30 June 2022 and RM0.6427 at 30 June 2021 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 SECOND QUARTER ENDED 30 JUNE 2022

#### Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 June 2022	Audited As at 31 Dec 2021	Unaudited As at 30 June 2022	Audited As at 31 Dec 2021
	RMB'000	RMB'000	RM'000	RM'000
<b>Non-Current Assets</b>				
Property, plant and equipment	204,458	211,462	134,636	138,444
Investment properties	3,809	3,873	2,508	2,536
Intangible assets	82,225	83,241	54,145	54,498
	290,492	298,576	191,289	195,478
<b>Current Assets</b>				
Inventories	17,384	7,847	11,447	5,137
Trade and other receivables	36,782	50,521	24,221	33,076
Contract assets	36,746	38,945	24,197	25,497
Prepayments	85,939	85,969	56,591	56,284
Income tax recoverable	492	495	324	324
Cash and bank balances	3,189	10,887	2,100	7,128
	180,532	194,664	118,880	127,446
<b>TOTAL ASSETS</b>	471,024	493,240	310,169	322,924
<b>Capital and Reserves</b>				
Share capital	257,463	257,463	169,539	168,561
Reserves	58,565	58,609	38,565	38,371
Retained earnings	34,961	53,051	23,022	34,732
Non-Controlling Interest	(3,511)	(1,469)	(2,312)	(962)
<b>Total Equity</b>	347,478	367,654	228,814	240,702
<b>Current Liabilities</b>				
Trade and other payables	36,715	36,487	24,177	23,888
Amount due to directors	8,056	9,004	5,305	5,895
Bank borrowings	70,322	71,537	46,307	46,835
Lease liabilities	664	664	437	435
	115,757	117,692	76,226	77,053
<b>Non-Current Liabilities</b>				
Bank borrowings	6,387	6,346	4,206	4,155
Lease liabilities	1,402	1,548	923	1,014
	7,789	7,894	5,129	5,169
<b>TOTAL LIABILITIES</b>	123,546	125,586	81,355	82,222
<b>TOTAL EQUITY AND LIABILITIES</b>	471,024	493,240	310,169	322,924
Net asset per share attributable to equity holders of the Company (RMB / RM) <sup>(1)</sup>	0.45	0.48	0.30	0.31

The Company had submitted its Audited Financial Statements for the year ended 31 December 2021 on due date and had made announcement on 29 April 2022.

Note:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 30 June 2022 and 31 December 2021 divided by the number of ordinary shares of 770,013,740.
- (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: RM0.6585 at 30 June 2022 and RM0.6547 at 31 December 2021 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 SECOND QUARTER ENDED 30 JUNE 2022

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

6 months ended 30 June 2022	Share capital	Statutory reserves	Capital reserves	Currency Translation Reserve	Retained earnings	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	257,463	76,090	(17,106)	(375)	53,051	(1,469)	367,654
Total comprehensive loss for the period	-	-	-	(44)	(18,090)	(2,042)	(20,176)
At 30 June 2022	<u>257,463</u>	<u>76,090</u>	<u>(17,106)</u>	<u>(419)</u>	<u>34,961</u>	<u>(3,511)</u>	<u>347,478</u>

6 months ended 30 June 2022	Share capital	Statutory reserves	Capital reserves	Currency Translation Reserve	Retained earnings	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	169,539	50,105	(11,265)	(247)	34,934	(967)	242,099
Total comprehensive loss for the period	-	-	-	(29)	(11,911)	(1,345)	(13,285)
At 30 June 2022	<u>169,539</u>	<u>50,105</u>	<u>(11,265)</u>	<u>(276)</u>	<u>23,023</u>	<u>(2,312)</u>	<u>228,814</u>

Note:

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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

6 months ended 30 June 2021	Share capital	Statutory reserves	Capital reserves	Retained earnings	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	146,161	76,090	(16,844)	90,384	-	295,791
Total comprehensive income/(loss) for the period	-	-	-	15,844	(261)	15,583
Issue of new ordinary shares	27,329	-	-	-	-	27,329
Acquisition of additional shares in subsidiaries	-	-	(261)	-	261	-
At 30 June 2021	<u>173,490</u>	<u>76,090</u>	<u>(17,105)</u>	<u>106,228</u>	<u>-</u>	<u>338,703</u>

6 months ended 30 June 2021	Share capital	Statutory reserves	Capital reserves	Retained earnings	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	93,938	48,903	(10,825)	58,090	-	190,106
Total comprehensive income/(loss) for the period	-	-	-	10,183	(168)	10,015
Issue of new ordinary shares	17,564	-	-	-	-	17,564
Acquisition of additional shares in subsidiaries	-	-	(168)	-	168	-
At 30 June 2021	<u>111,502</u>	<u>48,903</u>	<u>(10,993)</u>	<u>68,273</u>	<u>-</u>	<u>217,685</u>

The Company had submitted its Audited Financial Statements for the year ended 31 December 2021 on due date and had made announcement on 29 April 2022.

Note:

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

#### Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 June 2022	As at 30 June 2021	As at 30 June 2022	As at 30 June 2021
	RMB'000	RMB'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/profit before income tax	(20,141)	15,583	(13,262)	10,015
Adjustments for:				
Depreciation and amortisation	8,198	7,984	5,398	5,131
Reversal of impairment loss on trade receivables	(74)	-	(49)	-
Waiver on loan principal and interest related to loan from a director	-	(17,649)	-	(11,343)
Waiver on director fee	-	(316)	-	(203)
Interest expenses	1,349	1,880	888	1,208
Unrealised foreign exchange gain	-	(741)	-	(476)
<b>OPERATING (LOSS)/GAIN BEFORE WORKING CAPITAL CHANGES</b>	(10,668)	6,741	(7,025)	4,332
In inventories	(9,538)	(8,885)	(6,281)	(5,710)
In contract assets	2,199	-	1,448	-
In trade and other receivables	13,880	(2,094)	9,140	(1,346)
In trade and other payables	(720)	(1,458)	(474)	(937)
<b>Cash from operations</b>	(4,847)	(5,696)	(3,192)	(3,661)
Interest paid	(1,349)	(1,880)	(888)	(1,208)
<b>Net cash used in operating activities</b>	(6,196)	(7,576)	(4,080)	(4,869)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(178)	(119)	(117)	(76)
<b>Net cash used in investing activities</b>	(178)	(119)	(117)	(76)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings and lease liabilities	(829)	-	(546)	-
Fixed deposit pledged	-	(311)	-	(200)
Proceeds from issuance of new ordinary shares	-	27,329	-	17,565
<b>Net cash (used in)/from financing activities</b>	(829)	27,018	(546)	17,365
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(7,203)	19,323	(4,743)	12,420
Exchange rate translation differences	31	(230)	20	(148)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	(9,292)	182	(6,119)	117
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	(16,464)	19,275	(10,842)	12,389
<b>CASH AND BANK BALANCES</b>	3,189	19,586	2,100	12,589
LESS: BANK DEPOSITS PLEDGED	(1,234)	(311)	(813)	(200)
LESS: BANK OVERDRAFTS	(18,419)	-	(12,129)	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	(16,464)	19,275	(10,842)	12,389

The Company had submitted its Audited Financial Statements for the year ended 31 December 2021 on due date and had made announcement on 29 April 2022.

Note:

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

#### A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

##### 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 2021 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 2021 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 2021 ("FS 2021") 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 FY2021. 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
- III) Impairment assessment of goodwill

The key audit matters highlighted by independent auditors had no material changes or further development as compared to 31 December 2021.

#### 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 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 30 June 2022 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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**6. Changes in share capital and debts**

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasure 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**

<u>Financial Period Ended 30 June 2022</u>					
	<u>Ready-to-serve Food</u>	<u>Frozen Vegetables</u>	<u>Technology</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	17,341	7,295	4,414	8,507	37,557
<b>Segment results</b>	1,118	(1,438)	(2,230)	(1,054)	(3,604)
Other income					302
Unallocated costs					(14,885)
Finance expenses					(1,954)
Loss before income tax					(20,141)
Income tax expense					-
<b>Loss for the period</b>					<u>(20,141)</u>
<b>Other segment information:</b>					
Depreciation and amortisation					8,198
Capital expenditures					178

<u>Financial Period Ended 30 June 2022</u>					
	<u>Ready-to-serve Food</u>	<u>Frozen Vegetables</u>	<u>Technology</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	11,419	4,804	2,906	5,602	24,731
<b>Segment results</b>	736	(947)	(1,468)	(694)	(2,373)
Other income					199
Unallocated costs					(9,801)
Finance expenses					(1,287)
Loss before income tax					(13,262)
Income tax expense					-
<b>Loss for the period</b>					<u>(13,262)</u>
<b>Other segment information:</b>					
Depreciation and amortisation					5,398
Capital expenditures					117



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

#### 8. Segment information (continue)

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: RM0.6585 at 30 June 2022 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.

<b>Financial Period Ended 30 June 2021</b>				
	<b><u>Ready-to-serve Food</u></b>	<b><u>Frozen Vegetables</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	27,350	23,959	8,389	59,698
<b>Segment results</b>	3,020	9,902	250	13,172
Other income				18,507
Unallocated costs				(14,216)
Finance expenses				(1,880)
Profit before income tax				15,583
Income tax expense				-
<b>Profit for the period</b>				<b>15,583</b>
<b>Other segment information:</b>				
Depreciation and amortization				7,984
Capital expenditures				119

<b>Financial Period Ended 30 June 2021</b>				
	<b><u>Ready-to-serve Food</u></b>	<b><u>Frozen Vegetables</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	RM'000	RM'000	RM'000	RM'000
Revenue	17,578	15,398	5,392	38,368
<b>Segment results</b>	1,941	6,364	161	8,466
Other income				11,894
Unallocated costs				(9,137)
Finance expenses				(1,208)
Profit before income tax				10,015
Income tax expense				-
<b>Profit for the period</b>				<b>10,015</b>
<b>Other segment information:</b>				
Depreciation and amortisation				5,131
Capital expenditures				76



恒宝环球

## HB Global Limited

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#### 8. Segment information (continue)

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: RM0.6427 at 30 June 2021 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

There were no material events as at the date of this announcement that will affect the results of the current financial quarter.

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

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

#### 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				
Post employment benefits	588	387	1,265	833



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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 decreased by RMB22.1 million from RMB59.7 million in financial period ended 30 June 2021 (“FPE2021”) to RMB37.6 million in financial period ended 30 June 2022 (“FPE2022”). The decrease was mainly due to decrease in sales of China subsidiary as during FPE2022, there was some disruption in the production and supply chain due to the lockdown in certain areas of China which have been affected with rising Covid 19 cases.

Other income in FPE 2022 amounted to RMB0.3 million was much lower compared to FPE 2021 amounted to RMB18.5 million. This is mainly due to waiver of principal and interest on loan from a Director amounted to approximately RMB17.6 million taken up in FPE 2021.

General and administrative expenses increased by approximately RMB0.7 million from RMB14.0 million to RMB14.7 million mainly due to addition of few subsidiaries in Q2 to Q4 2021, thus causing higher operating expenses incurred in FPE 2022.

The Group incurred loss before tax of RMB20.1 million in FPE2022 compared to profit before tax of RM15.6 million mainly due to lower revenue and other operating income generated coupled with higher general and administrative expenses incurred in FPE 2022.

###### **Review of Balance Sheet**

The Company balance sheet remains strong with net assets of RMB347.5 million as at 30 June 2022.

Increase in inventory as at 30 June 2022 compared to 31 December 2021 was mainly due to disruption of production in certain period of FPE2022 causing by the lockdown in certain areas of China due to Covid 19 preventative measures taken by Government, thus causing slower utilization of inventories on hand for production of goods. Cash and bank balances has reduced from RMB10.9 million to RMB3.2 million mainly due to higher operating expenses incurred while revenue and profit margin have been affected by unforeseen events such as disruption on production, rising raw material and logistics costs.

###### **Review of Cash Flow Statement**

Net cash used in operating activities decreased to RMB6.2 million in FPE2022 from RMB7.6 million in FPE2021 mainly due to decrease in trade and other receivables.

Cash and cash equivalents at FPE2022 was negative RMB16.5 million mainly due to high amount of bank overdraft facilities utilised by subsidiary of the Company.



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

	Current Quarter 30 Jun 2022		Preceding Quarter 31 Mar 2022	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	18,700	12,314	18,857	12,502
Loss Before Taxation	(5,491)	(3,616)	(14,650)	(9,714)
Loss After Taxation	(5,491)	(3,616)	(14,650)	(9,714)

The Group recorded revenue of RMB18.7 million in the current quarter compared to RMB18.9 million in the preceding quarter.

Loss before tax in Q22022 was lower compared to Q12022 mainly due to lower operating expenses incurred in the current quarter.

**3. Prospects for FYE 2022**

With the Covid-19 pandemic still raging globally and causing unprecedented disruption to economic activity, the Group continues to prioritise cash conservation and cost control as well as to continue to focus on increase the consumption of our products among consumers in People's Republic of China.

The performance of the Group for FYE 2022 remains challenging despite certain countries in the world had started to reopen their borders as they enter into endemic phase, as we are seeing a spike in commodity and freight prices following the war in Ukraine. The Board will remain cautious and manage the business of the Group with vigilance during this period of uncertainty.

**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%.

Malaysia tax

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 ranging from 17% to 25%.



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**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**

On 26 March 2021, ordinary shares of 93,600,000 have been issued at an issuing price of RM0.185 via private placement.

Utilization of the proceeds as of 30 June 2022 were as follows:

	RMB'000	RM'000
Proceeds from issuance of shares via private placement	26,296	17,316
Expenses for private placement	(630)	(415)
Working capital	(18,416)	(12,127)
Business projects/investments	(6,617)	(4,357)
<b>Balance @ 30 June 2022</b>	<b>633</b>	<b>417</b>

Utilization of proceeds are in RM amounts which were translated to RMB at 30 June 2022 exchange rate of RMB1: RM0.6585.

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

The Group's borrowings and debt securities as of 30 June 2022 were as follows:

	RMB'000	RM'000
<b>Short term:</b>		
Loan and borrowings – secured <sup>Ⓢ</sup>	70,322	46,307
Lease liabilities – secured	664	437
<b>Long term:</b>		
Loan and borrowings – secured <sup>Ⓢ</sup>	6,387	4,206
Lease liabilities – secured	1,402	923
	RMB'000	RM'000
Total loan and borrowings - secured	76,709	50,513
Total lease liabilities	2,066	1,360

Short-term loan and borrowings – secured<sup>Ⓢ</sup>

The subsidiary company in China entered into several short-term agreements with several local banks 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 subsidiaries 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.

The other loans and borrowings are related to bank loans and overdraft of Forward Resources & Construction Sdn Bhd, a 60% owned subsidiary acquired in July 2021.



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**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**

Saved as disclosed below, there were no material litigation for the current financial period:

- i) High Court of Malaya at Shah Alam Winding Up Petition No. BA-28NCC-298-05/2022 in relation to the Winding Up of Forward Resources and Construction Sdn Bhd by Bina Plastic Industries Sdn Bhd

Forward Resources and Construction Sdn Bhd (“FRC”), a 60% owned subsidiary of the Company had on 18 May 2022 received a winding-up petition (“Petition”) dated 17 May 2022 from Messrs John Yong & Irene Song, the solicitors acting for Bina Plastic Industries Sdn Bhd (“BPI” or the “Petitioner”). The Petition is fixed for e-Review on 21 June 2022 and hearing on 24 August 2022.

BPI claimed that FRC has failed and/or neglected to settle the total outstanding sum of RM3,855,804.01 (being the outstanding sum for goods sold and delivered amounting to RM3,173,042.04 together with late payment interest of RM682,761.97 at the late interest rate of 1.5% per month on the outstanding sum) due to the Petitioner within the stipulated time in the Statutory Notice of Demand. As such, BPI has applied to the Court on the following:-

- (a) That FRC be wound up by the Court under the provisions of the Companies Act, 2016;
- (b) That the official receiver be appointed as the liquidator of FRC;
- (c) That the costs of this Petition be taxed and paid out of the assets of the Company; and
- (d) Such other orders may be made in the premises as shall be just.

The above winding up petition is not expected to have any significant financial and operational impact on the Group.

The Board of Directors of FRC will be seeking legal advice to defend the petition. The Company will make further announcement as and when there are material developments on the above matter.

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

The retained earnings as at 30 June 2022 and 31 March 2022 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	34,961	23,022	39,845	26,417
- Unrealised	-	-	(18)	(12)
Total Group Retained Earnings	34,961	23,022	39,827	26,405





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**13. Earning per share**

*Basic Earning per Share*

	Quarter Ended <u>30 Jun 2022</u> RMB'000	Preceding Year Corresponding Quarter <u>30 Jun 2021</u> RMB'000	Quarter Ended <u>30 Jun 2022</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2021</u> RM'000	Year to Date Ended <u>30 Jun 2022</u> RMB'000	Year to Date Ended <u>30 Jun 2021</u> RMB'000	Year to Date Ended <u>30 Jun 2022</u> RM'000	Year to Date Ended <u>30 Jun 2021</u> RM'000
(Loss)/profit attributable to - equity holders of the company	(4,866)	9,106	(3,204)	5,853	(18,090)	15,844	(11,911)	10,183
- Non-controlling interest	(625)	(231)	(412)	(149)	(2,051)	(261)	(1,351)	(168)
Weighted average number of ordinary share in issue ('000)	770,014	518,161	770,014	518,161	770,014	518,161	770,014	518,161
(Loss)/earnings Per Share - Basic (RMB cents/ sen)	(0.63)	1.76	(0.42)	1.13	(2.35)	3.06	(1.55)	1.97

By Order of the Board

SHEN HENGBAO  
Chief Executive Officer