



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 THIRD QUARTER ENDED 30 SEPTEMBER 2023

Contents

Unaudited Condensed Consolidated Statements Of Comprehensive Income

Condensed Consolidated Statements Of Financial Position

Unaudited Condensed Consolidated Statements Of Changes in Equity

Unaudited Condensed Consolidated Statements Of Cash Flow

Notes to the Interim Financial Report

Additional information



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	19,337	18,280	12,426	11,939	56,254	55,837	36,149	36,467
Cost of sales	(18,555)	(18,556)	(11,923)	(12,119)	(53,087)	(59,717)	(34,114)	(39,001)
Gross profit/(loss)	782	(276)	503	(180)	3,167	(3,880)	2,035	(2,534)
Other operating income	-	3,538	-	2,311	-	3,840	-	2,508
Selling and distribution expenses	(159)	(150)	(102)	(98)	(402)	(360)	(258)	(235)
General and administrative expenses	(5,512)	(6,318)	(3,542)	(4,127)	(15,917)	(20,993)	(10,228)	(13,711)
Other operating expenses	698	-	448	-	(2,704)	-	(1,738)	-
Operating loss	(4,191)	(3,206)	(2,693)	(2,094)	(15,856)	(21,393)	(10,189)	(13,972)
Finance costs	(459)	(581)	(295)	(379)	(1,267)	(2,535)	(814)	(1,656)
Loss before taxation	(4,650)	(3,787)	(2,988)	(2,473)	(17,123)	(23,928)	(11,003)	(15,628)
Taxation	-	-	-	-	-	-	-	-
Loss after taxation	(4,650)	(3,787)	(2,988)	(2,473)	(17,123)	(23,928)	(11,003)	(15,628)
Other comprehensive income/(loss) for the year (net of tax)	(436)	260	(280)	170	1,574	225	1,011	147
Total comprehensive loss after tax	(5,086)	(3,527)	(3,268)	(2,303)	(15,549)	(23,703)	(9,992)	(15,481)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

Unaudited Condensed Consolidated Statement Of Comprehensive Income (continue)

	Quarter Ended <u>30 September 2023</u>	Preceding Year Corresponding Quarter <u>30 September 2022</u>	Quarter Ended <u>30 September 2023</u>	Preceding Year Corresponding Quarter <u>30 September 2022</u>	Year to Date Ended <u>30 September 2023</u>	Year to Date Ended <u>30 September 2022</u>	Year to Date Ended <u>30 September 2023</u>	Year to Date Ended <u>30 September 2022</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to:-								
- Equity holders of HB	(4,650)	(3,672)	(2,988)	(2,398)	(17,113)	(21,762)	(10,997)	(14,213)
- Non-controlling interest	-	(115)	-	(75)	(10)	(2,166)	(6)	(1,415)
Total comprehensive loss attributable to:-								
- Equity holders of HB	(5,086)	(3,401)	(3,268)	(2,221)	(15,541)	(21,535)	(9,987)	(14,065)
- Non-controlling interest	-	(126)	-	(82)	(8)	(2,168)	(5)	(1,416)
(Loss)/earnings Per Share *								
- Basic (cents per share)	(0.59)	(0.48)	(0.38)	(0.31)	(2.19)	(2.83)	(1.41)	(1.85)
- Diluted (cents per share)	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: RM0.6426 at 30 September 2023 and RM0.6531 at 30 September 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.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 September 2023	Audited As at 31 December 2022	Unaudited As at 30 September 2023	Audited As at 31 December 2022
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	182,134	195,352	117,039	123,502
Intangible assets	39,326	39,326	25,271	24,862
	221,460	234,678	142,310	148,364
Current Assets				
Inventories	10,483	11,078	6,736	7,004
Trade and other receivables	23,383	22,287	15,026	14,090
Prepayments	10	34	6	21
Cash and bank balances	753	2,231	484	1,410
	34,629	35,630	22,252	22,525
TOTAL ASSETS	256,089	270,308	164,562	170,889
Capital and Reserves				
Share capital	260,129	259,349	167,159	163,960
Reserves	59,825	58,243	38,444	36,821
(Accumulated losses)/Retained earnings	(129,363)	(112,250)	(83,129)	(70,964)
Non-Controlling Interest	-	(97)	-	(61)
Total Equity	190,591	205,245	122,474	129,756
Current Liabilities				
Trade and other payables	15,856	14,166	10,189	8,956
Amount due to directors	2,701	2,406	1,735	1,521
Bank borrowings	46,941	48,491	30,164	30,656
	65,498	65,063	42,088	41,133
TOTAL LIABILITIES	65,498	65,063	42,088	41,133
TOTAL EQUITY AND LIABILITIES	256,089	270,308	164,562	170,889
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽ⁱ⁾	0.24	0.26	0.16	0.17

The Company had submitted its Audited Financial Statements for the year ended 31 December 2022 on due date and had made announcement on 28 April 2023.

Note:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 30 September 2023 and 31 December 2022 divided by the number of ordinary shares of 781,993,740 and 777,713,740 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: RM0.6426 at 30 September 2023 and RM0.6322 at 31 December 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.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

Unaudited Condensed Consolidated Statements Of Changes In Equity

9 months ended 30 September 2023	Share capital	Statutory reserves	Capital reserves	Currency Translation Reserve	Accumulated losses	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	259,349	76,090	(17,106)	(741)	(112,250)	(97)	205,245
Total comprehensive loss for the year	-	-	-	1,572	(17,113)	(8)	(15,549)
Issue of new ordinary shares	780	-	-	-	-	-	780
Non controlling interest on disposal of subsidiary	-	-	-	10	-	105	115
At 30 September 2023	<u>260,129</u>	<u>76,090</u>	<u>(17,106)</u>	<u>841</u>	<u>(129,363)</u>	<u>-</u>	<u>190,591</u>

9 months ended 30 September 2023	Share capital	Statutory reserves	Capital reserves	Currency Translation Reserve	Accumulated losses	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	166,658	48,895	(10,992)	(476)	(72,132)	(62)	131,891
Total comprehensive loss for the year	-	-	-	1,011	(10,997)	(6)	(9,992)
Issue of new ordinary shares	501	-	-	-	-	-	501
Non controlling interest on disposal of subsidiary	-	-	-	6	-	68	74
At 30 September 2023	<u>167,159</u>	<u>48,895</u>	<u>(10,992)</u>	<u>541</u>	<u>(83,129)</u>	<u>-</u>	<u>122,474</u>

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

9 months ended 30 September 2022	Share capital	Statutory reserves	Capital reserves	Currency translation reserve	Retained earnings	Non- controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RM'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 year	-	-	-	227	(21,762)	(2,168)	(23,703)
Derecognition of a subsidiary	-	-	-	-	-	3,534	3,534
At 30 September 2022	<u>257,463</u>	<u>76,090</u>	<u>(17,106)</u>	<u>(148)</u>	<u>31,289</u>	<u>(103)</u>	<u>347,485</u>

9 months ended 30 September 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	168,149	49,694	(11,172)	(245)	34,648	(959)	240,115
Total comprehensive loss for the year	-	-	-	148	(14,213)	(1,416)	(15,481)
Derecognition of a subsidiary	-	-	-	-	-	2,308	2,308
At 30 September 2022	<u>168,149</u>	<u>49,694</u>	<u>(11,172)</u>	<u>(97)</u>	<u>20,435</u>	<u>(67)</u>	<u>226,942</u>

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2023	As at 30 September 2022	As at 30 September 2023	As at 30 September 2022
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(17,123)	(23,928)	(11,003)	(15,627)
Adjustments for:				
Depreciation and amortisation	9,016	12,127	5,794	7,920
Reversal of impairment loss on trade receivables	-	(75)	-	(49)
Gain arising from derecognition of a subsidiary	(320)	(3,534)	(206)	(2,308)
Interest expenses	1,268	2,535	815	1,656
OPERATING LOSS				
BEFORE WORKING CAPITAL CHANGES	(7,159)	(12,875)	(4,600)	(8,408)
In inventories	595	(11,173)	382	(7,297)
In contract assets	-	1,988	-	1,298
In trade and other receivables	(1,833)	22,791	(1,178)	14,885
In trade and other payables	2,909	(3,299)	1,869	(2,155)
Cash from operations	(5,488)	(2,568)	(3,527)	(1,677)
Interest paid	(1,268)	(2,535)	(815)	(1,656)
Net cash used in operating activities	(6,756)	(5,103)	(4,342)	(3,333)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(53)	(231)	(34)	(151)
Derecognition of a subsidiary, net of cash and cash equivalents	-	18,505	-	12,086
Net cash (used in)/from investing activities	(53)	18,274	(34)	11,935
CASH FLOWS FROM FINANCING ACTIVITIES				
Net repayment of bank borrowings and lease liabilities	(1,263)	(3,122)	(811)	(2,039)
Proceed from issuance of new ordinary shares	780	-	501	-
Net cash used in financing activities	(483)	(3,122)	(310)	(2,039)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,292)	10,049	(4,686)	6,563
Exchange rate translation differences	5,814	547	3,736	357
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	2,231	(9,292)	1,434	(6,069)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	753	1,304	484	851
CASH AND BANK BALANCES	753	1,304	484	851
LESS: BANK DEPOSITS PLEDGED	-	-	-	-
LESS: BANK OVERDRAFTS	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	753	1,304	484	851

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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 2022 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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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 2022 was subject to audit qualification as follows:

Basis for Qualified Opinion

The Court in Malaysia has issued an order to wind up the Group's subsidiary, Forward Resources and Construction Sdn. Bhd. (FRC) on 24 August 2022 following a petition filed by a creditor. As a result, the Group has deconsolidated its investment in FRC from 25 August 2022 in the Group's consolidated financial statements. The Group recognised a loss of RMB5,118,000 incurred by the subsidiary for the period from 1 January 2022 to 24 August 2022 in profit or loss prior to the deconsolidated and also recognised a gain of RMB2,372,000 on deconsolidation. The component auditor of FRS has carried out an audit on the financial statements of FRC for the period from 1 January 2022 to 24 August 2022 and issued a disclaimer of opinion on the financial statements for the financial period ended 24 August 2022.

The auditor UHY Lee Seng Chan & Co has also issued a statement in respect of HB's Financial Statements for 31 December 2022 ("FY2022") to draw an attention to the board and shareholders as regard to key audit matter as follows.

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 FY2022. 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

The key audit matter highlighted by independent auditors had no material changes or further development as compared to 31 December 2022.

3. Seasonality or cyclicity of operation

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

4. Unusual items

There were no unusual items for the current quarter.

5. Changes in estimates

There were no material changes in estimates for the current quarter.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

6. Changes in share capital and debts

On 5 July 2023, ordinary shares of 4,280,000 have been issued at an issuing price of RM0.117 via private placement.

Saved as disclosed above, 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 quarter.

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

Financial Period Ended 30 September 2023					
	<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	30,411	12,513	-	13,330	56,254
Segment results	2,723	935	(40)	(451)	3,167
Other income					-
Unallocated costs					(19,023)
Finance expenses					(1,267)
Loss before income tax					(17,123)
Income tax expense					-
Loss for the year					(17,123)
Other segment information:					
Depreciation and amortisation					9,016
Capital expenditures					53

Financial Period Ended 30 September 2023					
	<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	19,542	8,041	-	8,566	36,149
Segment results	1,750	601	(26)	(290)	2,035
Other income					-
Unallocated costs					(12,224)
Finance expenses					(814)
Loss before income tax					(11,003)
Income tax expense					-
Loss for the year					(11,003)
Other segment information:					
Depreciation and amortisation					5,794
Capital expenditures					34



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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: RM0.6426 at 30 September 2023 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.

Financial Period Ended 30 September 2022					
	<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	26,656	10,350	4,451	14,380	55,837
Segment results	1,918	(2,057)	(3,379)	(362)	(3,880)
Other income					3,840
Unallocated costs					(21,353)
Finance expenses					(2,535)
Loss before income tax					(23,928)
Income tax expense					-
Loss for the year					(23,928)
Other segment information:					
Depreciation and amortisation					12,127
Capital expenditures					231

Financial Period Ended 30 September 2022					
	<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	17,409	6,760	2,907	9,391	36,467
Segment results	1,253	(1,343)	(2,207)	(237)	(2,534)
Other income					2,508
Unallocated costs					(13,946)
Finance expenses					(1,656)
Loss before income tax					(15,628)
Income tax expense					-
Loss for the year					(15,628)
Other segment information:					
Depreciation and amortisation					7,920
Capital expenditures					151



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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: RM0.6531 at 30 September 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.

9. Subsequent events

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

10. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial period, except as disclosed below:

- i) On 31 January 2023, the Company had entered into a share transfer agreement to transfer all the 75,000 shares held in HB Infrastructures & Technologies Sdn Bhd to Mr Loh Kah Shen. The shares transfer was completed on 8 February 2023.

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 was no material acquisition or disposal of non-current assets during the current financial period.

13. Capital commitment

There was no material capital commitment during the current financial period.

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	432	278	1,291	830



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(Company Registration No.: 200608505W)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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

1. Review of the performance of the Group

Review of Group Comprehensive Income

Group revenue increased by RMB0.5 million from RMB55.8 million in financial period ended 30 September 2022 (“FPE2022”) to RMB56.3 million in financial period ended 30 September 2023 (“FPE2023”). The increase was mainly due to increase in revenue recorded in China subsidiary.

General and administrative expenses in FPE2023 amounted to RMB15.9 million was much lower compared to FPE 2022 which amounted to RMB21.0 million. This is mainly due to derecognition of a subsidiary, Forward Resources & Construction Sdn Bhd which is under winding up and lower expenses incurred by China subsidiaries amidst effort implemented on cost reduction initiatives.

Other operating expenses was RMB2.7 million in FPE2023 compared to RMBNil in FPE2022 mainly due to impairment loss provided on trade receivables and unrealised foreign exchange loss in FPE2023.

The Group incurred loss before tax of RMB17.1 million in FPE2023 compared to RMB23.9 million in FPE2022 mainly due to higher gross margin and lower general and administrative expenses incurred in FPE2023.

Review of Statements of Financial Positions

The Company net assets as at 30 September 2023 were approximately RMB190.6 million.

Increase in trade and other receivables from RMB22.3 million to RMB23.4 million was mainly due to longer average collection period from trade receivables.

Review of Cash Flow Statement

Net cash used in operating activities increased from RMB5.1 million in FPE2022 to RMB6.8 million in FPE2023 mainly due to increase in trade and other receivables in FPE2023.

Cash and cash equivalents at FPE2023 was lower at RMB0.8 million compared to RMB1.3 million in FPE2022 mainly due to higher net cash used in operating activities in FPE2023.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

2. Variation of results against immediate preceding quarter

	Current Quarter 30 Sep 2023		Preceding Quarter 30 Jun 2023	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	19,337	12,426	18,953	12,234
Loss Before Taxation	(4,650)	(2,988)	(3,534)	(2,281)
Loss After Taxation	(4,650)	(2,988)	(3,534)	(2,281)

The Group recorded revenue of RMB19.3 million in the current quarter compared to RMB19.0 million in the preceding quarter.

Loss before tax in Q3 2023 was higher compared to Q2 2023 mainly due to lower gross margin generated and higher general and administrative expenses incurred in Q3 2023.

3. Prospects for FY2023

The Group believes that 2023 will continue to be a year full of challenges and uncertainties. These include the ongoing Russia-Ukraine conflict, escalating energy costs, supply chain disruptions, and the impacts of climate change. Among these challenges, the Group believes that managing rising materials costs will be the most significant priority in the long term.

Despite these challenges, the Group is hopeful that the food industry will continue to show promise, especially as global trade and the economy gradually recover. The easing of restrictions has already led to increased consumption, and it is expected that demand will continue to recover. Trading volume is projected to stabilize, and along with it, the margin.

To ensure sustained growth, the Group will explore new markets and opportunities to expand its revenue streams and improve its product competitiveness. Although uncertainties remain, the Group remains optimistic about its prospects and is committed to adapting to changes in the business landscape.

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.

Malaysia tax

The Malaysia tax of our Group for the current quarter and financial year-to-date was approximately Nil as compared to the applicable tax rate ranging from 15% to 24%.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

6. Sales of unquoted investment / properties

There was no sale of unquoted investments / properties in the current financial period.

7. Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities for the current financial period.

8. Status of utilization of proceeds

On 28 December 2022, ordinary shares of 7,700,000 have been issued at an issuing price of RM0.155 via private placement.

On 5 July 2023, ordinary shares of 4,280,000 have been issued at an issuing price of RM0.117 via private placement.

Utilization of the proceeds as of 30 September 2023 were as follows:

	RMB'000	RM'000
Proceeds from issuance of shares via private placement	2,636	1,694
Expenses for private placement	(82)	(53)
Working capital	(2,202)	(1,415)
Business projects/investments	-	-
Balance @ 30 September 2023	352	226

Utilization of proceeds are in RM amounts which were translated to RMB at 30 September 2023 exchange rate of RMB1: RM0.6426.

9. Group's borrowings and debt securities

The Group's borrowings and debt securities as of 30 September 2023 were as follows:

	RMB'000	RM'000
Short term:		
Loan and borrowings – secured [@]	46,941	30,164

Short-term loan and borrowings – secured[@]

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

10. Off-balance sheet financial instrument risks

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



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

11. Changes in material litigation

There was no material litigation for the current financial period.

12. Realised and Unrealised Profit/Losses Disclosure

The accumulated losses as at 30 September 2023 and 30 June 2023 are analysed as below:

	Current Financial Period		Preceding Financial Period	
	RMB'000	RM'000	RMB'000	RM'000
Total accumulated losses of the Company and its subsidiary:				
- Realised	(129,363)	(83,129)	(124,713)	(80,502)
- Unrealised	-	-	-	-
Total Group accumulated losses	(129,363)	(83,129)	(124,713)	(80,502)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

13. Earning per share

Basic Earning per Share

	Quarter Ended <u>30 September</u> 2023	Preceding Year Corresponding Quarter <u>30 September</u> 2022	Quarter Ended <u>30 September</u> 2023	Preceding Year Corresponding Quarter <u>30 September</u> 2022	Year to Date Ended <u>30 September</u> 2023	Year to Date Ended <u>30 September</u> 2022	Year to Date Ended <u>30 September</u> 2023	Year to Date Ended <u>30 September</u> 2022
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to - equity holders of the company	(4,650)	(3,672)	(2,988)	(2,398)	(17,113)	(21,762)	(10,997)	(14,213)
- Non-controlling interest	-	(115)	-	(75)	(10)	(2,166)	(6)	(1,415)
Weighted average number of ordinary share in issue ('000)	781,994	770,014	781,994	770,014	781,994	770,014	781,994	770,014
(Loss)/earnings Per Share - Basic (cents per share)	(0.59)	(0.48)	(0.38)	(0.31)	(2.19)	(2.83)	(1.41)	(1.85)

By Order of the Board

Shen Hengbao
Chief Executive Officer